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A cross national comparison on how transformational leadership, insurance sales performance, job satisfaction and cultural dimensions interplay in Serbia, Montenegro and Ukraine

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**A Cross National Comparison on how Transformational Leadership, Insurance
Sales Performance, Job Satisfaction and Cultural Dimensions interplay in Serbia,
Montenegro and Ukraine.**

Thesis

Presented to the Faculty of Arts and Social Sciences

of the University of Zurich

for the degree of Doctor of Philosophy

by

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Abstract

The aim of this dissertation was to investigate the role of transformational leadership behavior in relation to sales outperformance, employee job satisfaction, and culture in an Eastern European (Serbia, Montenegro and Ukraine) insurance business setting. The results of 568 participants suggest that transformational leadership serves as a positive determinant of sales outperformance. Transformational and transactional leadership both serve as positive determinants of total employee job satisfaction. Nine sub-variables of job satisfaction were assessed and were positively related to transformational, transactional, or both leadership variables. Passive avoidant behavior had negative outcomes in relation to total job satisfaction and its sub-variables. Culture was assessed by utilizing Hofstede's Cultural Value system. Differences between countries were furthermore interpreted via multi-level-modeling technique. The superior's behavior measured explained significant levels of variance in most models tested. Social desirability and hard performance measures contributed to the increase of validity of this research. This pioneering field-study, which was performed within a time-frame of one year, contributes to the discussion of the universality of transformational leadership factors and successfully indicates that this concept is valid in countries of the former socialist bloc, which are not in the focus of today's leadership research.

Keywords: Transformational Leadership, Sales Performance, Job Satisfaction, Insurance Business, Eastern Europe, Serbia, Montenegro, Ukraine.

Zusammenfassung

Das Ziel dieser Dissertation war potentielle Zusammenhänge zwischen transformationaler Führung, Leistung im Vertrieb (insbesondere die Steigerung der Vertragsanzahl), Arbeitszufriedenheit, und Kultur in einem osteuropäischen Versicherungsumfeld (Serbien, Montenegro und Ukraine) zu erforschen. Die Ergebnisse der 568 Studienteilnehmer unterstreichen, dass ein transformationaler Führungsstil als einzig positiver Prädiktor für die Leistung im Vertrieb dient. Außerdem konnten sowohl transformationale als auch transaktionale Führungsstile beide als positive Einflusswerte in Bezug auf die allgemeine Arbeitszufriedenheit ermittelt werden. Neun Unterkategorien der Arbeitszufriedenheitsskala wurden des Weiteren untersucht und konnten ebenfalls positiv mit einem transformationalen, bzw. transaktionalen Führungsstil assoziiert werden. Die Abwesenheit von Führungsverhalten (Passive-Avoidant / Laissez-Faire) hatte signifikant negative Auswirkungen in Bezug auf den Gesamtwert der Arbeitszufriedenheit und alle neun Unterkategorien. Kultur wurde anhand Hofstede's Cultural Value System gemessen. Unterschiede zwischen den Ländern, sowie den Mitarbeitern und Vorgesetzten wurden mittels einer Mehrebenenanalyse interpretiert. Das gemessene Verhalten der Vorgesetzten konnte zur Varianzaufklärung in den allermeisten Modellen beitragen. Diese Feldstudie mit Pioniercharakter, welche in einem Zeitraum von einem Jahr durchgeführt wurde, trägt zur Diskussion über die universelle Gültigkeit des transformationalen Führungskonzepts bei und unterstreicht die Validität und Anwendbarkeit der angewandten Theorien und Konzepte in Ländern des ehemaligen Ostblocks, die sich derzeit nicht im Fokus der internationalen Führungsforschung wiederfinden.

Schlüsselwörter: Transformationale Führung, Leistung im Vertrieb,
Arbeitszufriedenheit, Versicherungsgewerbe, Osteuropa, Serbien, Montenegro,
Ukraine.

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Chapter 1

Introduction and Overview

Today's European insurance environment has been heavily battered by the financial crisis since the bankruptcy of Lehmann Brothers in 2008 (Fromme, 2011; Ho, Yong, Po, & Ooi, 2009; Jacquemart, 2011). More and more international European insurance movers are struggling to fulfill EU regulations like Solvency II, which force insurers to build-up sufficient capital in order to avoid future risks of insolvency (Jacquemart, 2011; Winkler, 2011). Meanwhile, the once highly praised emerging markets in Eastern and Central Eastern Europe are not expected to reach the premium growth spurts which were forecasted by e.g. Austrian, French and Italian insurance companies with subsidiaries abroad. According to Wiens (2011) Eastern Europe will remain to be a growth motor but with reduced estimations. For 2012 the GDP growth-prognosis has been reduced from 4.8% to 1%. Particularly the present Greek and Hungarian financial crisis is closely related to Austrian insurances and banks, as these have been major Eastern European movers who now need to secure their high investments after expanding to those countries during the beginning of the 21st century (Koch & Bachler, 2012; Schulz, 2012; Szigetvari, 2011). Aside the troubles of these internationally operating firms, customers are beginning to have difficulties in paying back their credit loans which forces insurances and banks to write-off parts of their forecasted incomes. According to Höller (2011) almost 20% of the outstanding premiums for credits in 2012 will remain uncollected in Eastern Europe. Serbia, Bulgaria and Romania will have a drop-out ratio of approximately 14% which is a tremendous impact if compared to western economic examples such as e.g. Great Britain, which gap is forecasted around 7% in 2012. Hence, despite all potential growth

chances, the Eastern emerging markets bear the risks of poor customer-payment behavior and significant balance sheet losses. This leads to severe shortcomings in bank and insurance companies' budgets. Consequently, laying-off staff has become a creeping, but regular phenomenon in most emerging markets since the beginning of 2011 and the actual downfall of the EU-financial system. The year 2012 will be dominated by further cost-cuts and the downsizing of headcounts within the headquarters of European insurance companies with Eastern European investments in order to endeavor financial balance (Knecht, 2011; Winkler, 2011).

Before turning to the core research-scope of this dissertation I wish to briefly outline why I took the opportunity to perform research in the three Eastern European markets Serbia, Montenegro and Ukraine. Firstly, I thought that the opportunity to receive responses from insurance sales agents and their managers in countries where Western research is scarce has pioneering character and would allow to test whether Western constructs fail or succeed in terms of validity and reliability. Secondly, being able to receive hard objective sales performance measures would add exceptional quality to the commonly used subjective responses collected via survey-techniques. Thirdly, the three countries of assessment have passed a history with much political and social turmoil and are in the middle of dynamic change processes facing numerous socio-cultural, structural challenges (unemployment rate, poor social security, poor medical care, poor stability of law, etc.) within the above mentioned financial crisis. Change processes are always accompanied by instability and need strong leadership in order to maneuver into safe waters. Being able to generate data in countries like Serbia, Montenegro and Ukraine allows me to develop a first benchmark for further empirical research. This opportunity to shed some light into the darks of Eastern European leadership research seemed to be more than tempting. Finally, the research design

motivated me to “think out of the box” as I was challenged by the need to understand the motivation of Western insurance companies acquiring insurance companies in markets which are highly volatile and fragmented.

The reason for many international insurances like e.g. AXA (France), Generali (Italy), Allianz (Germany), ERGO (Germany), Wiener Staedtische (Austria), or UNIQA (Austria) to enter the Eastern European markets is simply justified by the fact of the low insurance density per capita. Insurance density per capita (IDPC) essentially describes the insurance premium a person spends per year. Insurers see large potential in Eastern Europe as the insurance density per capita is by far lower than in saturated Western markets. A look at the insurance density figures of Swiss Re (2012) visualizes which tremendous potential Eastern European markets still bear in terms of development and future profitability. Well established markets like Switzerland (8.012 USD), the Netherlands (6.647 USD), Germany (2.967 USD) or Austria (2.740 USD) command over high levels of IDPC in USD compared to our markets of assessment; Serbia (107 USD), Montenegro (100 USD) or Ukraine (68 USD). International insurances expect and speculate that the next ten to twenty years the adaptation-processes (including the possible EU ascension) of these emerging markets will allow to generate significantly higher levels of IDPC promising high company revenues and easier access to balance-sheet profitability as these new markets are not saturated yet. This envisaged growth potential of the emerging markets in the East can be tracked when following the trend of development of the IDPC in former Eastern Bloc: New EU member states like Slovakia (528 USD), Poland (500 USD) or Hungary (400 USD) are catching up to elder EU-member countries in terms of IDPC like e.g. Greece with an IDPC of 608 USD. The reason of big insurance market movers to enter foreign countries like Serbia,

Montenegro or Ukraine with a high potential in terms of IDPC growth is therefore more than obvious and comprehensible. On the other hand, potential risk factors like the high levels of unemployment (Eurostats, 2012) in Serbia (24%), Montenegro (18%), Ukraine (11%) when compared to Austria (4.2%) or the EU Average (9.7%), are often (deliberately) neglected, due to high hopes, greed and officiousness. Further differences and potential risks can be detected when comparing the net average salaries per month (Eurostats, 2012) in Serbia (496 EUR), Montenegro (465 EUR) or Ukraine (240 EUR), which appear high when compared to Austria (1.873 EUR) and the EU Average (1.540 EUR). These structural deficits, societal differences and prevailing challenges are often ignored, if not neglected, bearing a tremendous risk for some insurers in times where the financial crisis does not promise quick revenue expectations to be fulfilled. From an employer perspective insurers however prefer to argue that the low labor costs abroad and the high unemployment rate allows them to produce at a good price. In addition the high availability of staff on the labor market allows them to select the best people available. In fact low labor costs are related to the high staff availability, as many overqualified people are willing to work for low wages. This turns into a vicious circle, as labor costs can be easily pressed and kept low by international and local companies. The future will tell whether this approach will be beneficial for the employer and the employee in these emerging markets.

Politically seen, Serbia and Montenegro have left behind a devastating civil war (Yugoslav Wars 1991-1999) and since Montenegro reached its independency in 2006 by separating from Serbia, both countries are trying hard to prepare their future within the framework as a prospective EU member. Before the ascension towards the community of the EU especially Serbia will be faced with calls to dispel remaining post-war challenges with regional neighbors like Croatia (e.g. refusal to establish flight

connections between both countries), Bosnia and Herzegovina (the own Serbian state and parliament of the “Republica Srpska” within Bosnia and Herzegovina) or Kosovo (where the country is split between Albanians and Serbians and under permanent KFOR/NATO surveillance).

The third country of interest, namely Ukraine, has also been repeatedly challenged by regional and political turmoil ever since the Orange Revolution in 2004. The peaceful revolution in the end did not manage to break up ties between Russia and evokes much tension in the West of Ukraine which is driven by a strong independence promoting the own Ukrainian language and seeking the connection to the neighboring countries in the West (Poland, Slovakia, Hungary, Romania, and Moldavia). In contrast the Crimean peninsula and the East of Ukraine promotes the ties to the former ally Russia, which heats up the domestic political and social opinion with noteworthy effects of destabilization. All in all, the three countries I intend to assess are not free of complexity - but the prospect to assess and evaluate Western constructs such as transformational leadership behavior (Avolio & Bass, 2004), employee work satisfaction (Spector, 1997), sales performance and cultural values (Hofstede, 1980), in an empirical fashion, appears to be more than an attractive opportunity to me – especially in turbulent economic times such as described above.

Research suggests, that particularly in turbulent economic times, proactive management, and visionary- charismatic leadership can become essential to maneuver staff successfully, keep spirits high and facilitate to stay focused on performance-targets and goal-achievement (Schoenberg, 2005). Lok and Crawford (2003) postulate that “the kind of leadership style endorsed by the managers of a company can have significant influence on the success and failure of an organization” (p. 324). This

underlines the thought that the leadership-role of today's managers is gaining more complexity as business is becoming increasingly dominated by globalized, multi-cultural influences. As people are more willing to work abroad and travel far away from home in their search for job opportunities, managers are increasingly forced to face the extra challenge of pocketing globally diverse influences and streamlining them into the companies' performance-driven processes. Boehnke, Bontis, DiStefano and DiStefano (2002) state that the "[...] success in the global marketplace depends on the manager's ability to provide leadership. Exceptional success depends on sustaining extraordinary performance" (p. 5). This implies that the right kind of leadership behavior appears to be crucial for success. The gross amount of sustainable success in an insurance company is based on the continuous performance of insurance sales agents and the dedicated supervision by their direct sales-superior (see e.g., Dubinsky, Yammarino, & Jolson, 1995; Teas, 1983). The insurance sales agent serves and acts as the connecting key between the customer and the company. Therefore insurance companies have spent a significant amount of money and attention on how to standardize and streamline the actions of managers and sales agents to be more efficient and productive in everyday work life. Experts have designed so called "business processes" to streamline activities and to illustrate which step needs to be taken first by which person, which interdependencies exist and what to take care of in order to reach a specific goal like e.g. a performance target in sales. These leadership related processes for managers and agents in sales include a complex mixture of job scopes ranging from e.g. pre-sales to active sales and post-sales services. Business processes, no matter in which discipline, are often seen as "dry techniques" which need to be animated and brought to life. This animation is basically related to the structured way the company is organized, but

foremost it is related to how the managers motivate and lead their staff on a day to day base.

Leadership research which focuses on the insurance industry and insurance-sales performance in particular, openly debates on whether enforcing the concept of transformational leadership (leadership which is based on vision, inspiration, values, and motivation) is the best way to reach high sales performance or whether it is more related to transactional leadership which focuses on the exchange of target setting and reward upon goal achievement (see e.g. Dubinsky et al., 1995; Ho et al., 2009). Bass (1990) openly criticizes the predominant tendency to utilize the transactional leadership approach in sales environments, “most experimental research, unfortunately, has focused on transactional leadership, whereas the real movers and shakers of the world are transformational” (p. 23). Recent literature by Cole, Bedeian and Bruch (2011) underlines Bass’ train of thought and stresses that the theoretical perspective of transformational leadership “dominates the current thinking about leadership research and is at the core of contemporary leadership theory” (p. 2).

Therefore the first part and foundation of this dissertation will be based on the concept of transformational leadership, which is part of the framework of Avolio and Bass’ Multifactor Leadership Theory (Avolio & Bass, 2004), in order to assess which role transformational leadership plays in relation to insurance sales-agent performance in our Eastern European setting. Aside the potential effect transformational leadership may have in terms of high sales-performance, transformational leadership seems to have further positive outcomes in terms of elevated employee job satisfaction (see e.g. Comer, Jolson, Dubinsky, & Yammarino, 1995; Dubinsky, Yammarino, Jolson, & Spangler, 1995; Nemanich & Keller, 2007; Sosik, 1997). Since numerous calls for

research have criticized the lack of complexity in leadership studies (see e.g. Jing & Avery, 2008; Keller, 2006) the second part of this dissertation will further examine the potential effects of transformational leadership and employee job satisfaction. Employee job satisfaction has been positively linked to the effects of transformational leadership behavior within empirical settings (Judge & Piccolo, 2004) and can be seen as the indicator of the emotional well-being of staff (Spector, 1997). Higher levels of employee well-being and satisfaction have the potential advantage to evoke higher levels of commitment, less turnover and increased levels of (sales-) performance (Judge, Bono, Thoresen, & Patton, 2001; Spector 1997). Put in a nutshell, the results of good job performance are likely to evoke higher levels of job satisfaction and well-being (Spector, 1997). Thus, the first and second part of the dissertation is potentially linked by the dyadic concepts of transformational leadership and job satisfaction with a possible outcome in terms of sales performance.

As for job satisfaction I build my research on Paul E. Spector's approach to job satisfaction (1997) as Spector utilizes more than nine different variables within his tool of assessment, allowing us to take a closer look into the multi-faceted complexity of job satisfaction. Another advantage of Spector's applied approach to employee work satisfaction is his experience in multi-cultural settings; Spector's tool of assessment has been applied in numerous cultural settings, allowing us to use an instrument which promises sound levels of validity across different nations. The potential to re-assess the validity of psychological constructs like Bass and Avolio's Full Range Leadership Theory or Spector's applied concept towards job satisfaction remain crucial for the success of my research, as I question whether these Western oriented concepts of leadership and employee job satisfaction are transferable and understood within the Eastern European settings.

This leads me to the third and final part of this dissertation which will cover the cross-national character of the study, since the field of research takes place in three different Eastern European countries: Serbia, Montenegro and Ukraine. On the one hand, the research design pays tribute to the potential cultural differences by assessing Hofstede's (1981, 1983, 1998, 2001) cultural value dimensions in all three nations. I expect to obtain an impression how the samples perceive their levels of collectivism, power distance, uncertainty avoidance, masculinity, long-term orientation, monumentalism and Indulgence on a societal level. On the other hand, the research design also utilizes the countries as separate statistical variable in order to detect potential significant differences between the three Eastern emerging countries, independent of Hofstede's socio-cultural parameters.

I believe that this approach covers the scientific call for complexity and thoroughness, as all variables measured are embedded within a quantitative and empirical context, including the objective measurement of performance data. I furthermore react to calls for research "across different countries" and respond to the call for "controlling at organizational level manager vs. non-manager" (Spector, 1997, p. 28) by utilizing up to date statistical methods which allow conclusions on employee and managerial level, as well as country and socio-cultural level.

In summary, the aspiration of this doctoral dissertation is to shed light on the scarcely investigated Eastern European field of insurance business by utilizing the concept of transformational leadership, the effect of transformational leadership on sales performance and job satisfaction, as well as by examining the cultural differences between the three nations. The findings of this study may serve as a baseline for future research in these countries. Managerial and practical implications will be discussed.

Chapter 2

What is leadership? How is leadership defined, and what is leadership not?

Surely, if one asked a dozen people, a dozen or more different definitions of leadership would arise and would have different approaches, perspectives and numerous and colorful shades. The quest for the definiendum of leadership has noticeably been a matter of concern for numerous researchers. Historically seen, leadership research has been a mission that has been ongoing for more than 100 years, which simply makes it impossible to review all noteworthy developments. However, a brief overview of the most significant theoretical streams may serve as a base before turning our focus on transformational leadership. Day and Antonakis (2011) summarize and divide leadership research into nine major schools (see figure 1) which are outlined within this next section. The literature of research related to the particular schools of leadership is referred to in detail by citing the original works of the contributing researchers, and are completed by references of Bass (2008) and Northouse (2013) who comment on these schools in their leadership handbooks:

1. The trait school of leadership (Day & Antonakis, 2011, p. 7; Northouse, 2013, Chapter 2): This school had its hour of birth at the beginning of the 20th century and proposed that characteristics like intelligence or dominance are inborn and differentiated leaders from non-leaders. According to trait-theorists, e.g. personality traits or specific characteristics made the difference to make people qualify as leader or non-leader (Hogan & Kaiser, 2005). Bass (1990, p. 86) e.g. claims that “results make it reasonable to conclude that personality traits differentiate leaders from followers”; others however disagree and believe in a minor impact of personality traits in relation to leadership effectiveness (Andersen, 2006) and transformational leadership behavior (Bono & Judge, 2004). Based on meta-analyses and quantitative reviews by Lord, de Vader, and

Alliger (1986) or Judge, Colbert, and Ilies (2004) traits such as intelligence however showed positive correlations with the perceptions of leadership ($r = .50$) as well as leadership effectiveness ($r = .33$), suggesting existing links between traits and leadership characteristics.

Recent leadership trait research focuses on linking personality traits to leadership qualities, which are e.g. measured by the big five questionnaire, revealing extraversion being correlated strongest with leadership criteria ($r = .31$) (Judge, Bono, Ilies, & Gerhardt, 2002), and continues to advance with specific interest in conceptually driven research (Derue, Nahrgang, Wellman, & Humphrey, 2011; Judge, Piccolo, & Kosalka, 2009; Zaccaro, 2007) and complex psychometric measurement of individual differences.

2. The behavioral school of leadership (Day & Antonakis, 2011, p. 8; Northouse, 2013, Chapter 4): From the 1950's onwards research on behavioral leadership styles advanced and had been concentrating on how leaders enacted leadership behaviors and how leaders treated followers. Two main and overarching leadership factors were identified by behaviorists within the Ohio State studies (Stogdill, 1950): consideration (helping and person-oriented leadership) and initiating structure (commanding and task-oriented). Almost parallel, studies performed by the University of Michigan (Katz, Maccoby, & Morse, 1950) identified two further types of leadership behaviors: employee orientation (the behavior of leaders who approach their subordinates with a strong human relations emphasis, valuing their individuality and personal needs) and production orientation (the perspective where leaders observe workers as a means of getting work accomplished). In sum, the clusters of behaviors identified by both research groups (Ohio State and Michigan University) share high similarities

(Northouse, 2013): Consideration (Ohio State) and employee orientation (University of Michigan) as well as initiating structure (Ohio State) and production orientation (University of Michigan).

All named leadership types receive positive critique in a meta-analysis by Judge, Piccolo and Remus (2004) who were able to link consideration to follower satisfaction, motivation and leader effectiveness, whereas initiating structure was related to job performance and group-organization performance. These concepts were later extended to organizational level-effects like those by Blake and Mouton (1982) who developed the managerial grid theory. The managerial grid allows describing managers in terms of concern for people and concern for production (Blake, Mouton, Barnes, & Greiner, 1964). However, the success of the behavioral approach was short.

Due to not being able to overcome contradicting findings (Yukl, 1994) and due to “[...] no consistent evidence of a universally preferred leadership style across tasks or situations” (Day & Antonakis, 2011, p. 8), the behavioral approach seems to have fallen short (Gardner, Lowe, Moss, Mahoney, & Coglisier, 2010, p. 935) and is rather partially integrated into other theorems of leadership like contingency theories (Kerr, Schreisheim, Murphy, & Stogdill, 1974), or the theory of transformational leadership (Day & Antonakis, 2011; Konger & Kanungo, 1987).

3. The contingency school of leadership: Bass (2008, p. 61 - 62) as well as Day and Antonakis (2011, p. 9) relate the main cornerstones of the contingency school of leadership to Fiedler (1967, 1971, 1973) and House (1971, 1996). Fiedler and House approach leadership within the context of leader-member relationships and the power-position of the leader. According to Fiedler and House, contingencies like the situational context, the leaders’ characteristics, the employees’ expectations and the ability to motivate as a leader essentially determine the effectiveness of leadership

success. The ability to motivate followers and the skill to consult in how to reach a goal effectively without too much detour provides the basis of a leader's role and capability in setting paths to follower goals (path-goal theory). Some researchers followed this line of research by putting more emphasis on situational contexts within the path-goal contingency context (Vroom & Jago, 2007), and others like Jermier (1996), Kerr and Jermier (1978), continued to develop Fiedler and House's path-goal approach and underlined the minor importance of leadership if followers are able to face clearly set organizational systems, clear and structured procedures and guidelines to follow.

Day and Antonakis (2011) underline the decreasing interest of this leadership approach, and state that merely 1% of research has been dedicated to contingency theories during the last decade based on publications within the journal *Leadership Quarterly* (Gardner et al., 2010). A possible reason why the path-goal theory receives such low attention today may be based on four of the major criticisms summarized by Northouse (2013, p. 157/8): "First, the scope of path-goal theory encompasses so many inter-related sets of assumptions that it is hard to use this theory in a given organizational setting. Second, research findings to date do not support a full and consistent picture of the claims of the theory. Furthermore, path-goal theory does not show in a clear way how leader behaviors directly affect subordinate motivation levels. Last, [...] the path-goal theory [...] does not promote subordinate involvement in the leadership process".

4. The relation school of leadership (Bass, 2008, p. 419-28; Day & Antonakis, 2011, p. 9): This school evolved shortly after the contingency developments and focused on the relationship between leaders and followers, also known as the dyadic linkage theory (Dansereau, 1995; Dansereau, Graen, & Haga, 1975) which was in turn

developed by Graen and Uhl-Bien (1995) and termed leader-member exchange (LMX) theory (Yukl, 1989, p. 266). The pillars of this theory are dedicated to the quality of relations between the leader and follower; the higher the trust, respect and quality of relationship between the two entities, the higher the positive outcomes. There is empirical evidence for this line of research (Gerstner & Day, 1997; Ilies, Nahrgang, & Morgeson, 2007) and attracts researchers' growing interest with strong focus on the particular role of the followers (Anand, Hu, Liden, & Vidyarthi, 2011).

5. The skeptics-of-leadership school (Day & Antonakis, 2011, p. 10): Followers of the skepticist approach question the necessity of leadership and question the existence of leadership as such (Meindl & Ehrlich, 1987; Pfeffer, 1977). Others belonging to this group question the necessity of a leader and claim that achieved results are not related to leadership behavior per se, and place results and performance outside the leader's field of control (Meindl & Ehrlich, 1987; Meindl, Ehrlich, & Dukerich 1985). Despite the limited interest in this school, the skeptics-of-leadership approach did contribute strongly to the development of improved tools of leadership measurement; biased and methodologically instable assessment tools like questionnaires were e.g. targeted (Eden & Leviathan, 1975; Lord, Binning, Rush, & Thomas, 1978; Rush, Thomas, & Lord, 1977), and furthermore supported the development of new theoretical developments in the realm of leadership research (Hollander, 1992; Meindl, 1995).

6. The information-processing school of leadership (Bass, 2008, p. 67; Day & Antonakis, 2011, p. 10): Based on Lord's work (Lord, Foti, & DeVader, 1984) this school is interested in how and why a leader is accepted and favored to others, based on his or her personal traits, including the follower expectations of what a leader should do and how he or she should behave. The information-processing school has tried to define prototypical behavior of leaders / leadership (Lord, Brown, Harvey, & Hall, 2001) and

has attempted to put these findings into context, i.e. when does a leader behave, how does he behave, and what are the contextual factors related to the particular behavior (Balkundi & Kilduff, 2006; Hanges, Lord, & Dickson, 2000; Wofford, Goodwin, & Whittington, 1998). According to Day and Antonakis (2011, p. 11) this arm of leadership research is of growing interest and utilizes new concepts of cognition and emotional information processing with new findings to evolve in the near future (Lord & Emrich, 2001).

7. The new leadership (Neo-Charismatic / Transformational / Visionary) school (Bass, 2008, Chapter 22; Day & Antonakis, 2011, p. 11; Northouse, 2013, Chapter 9): The backbone of this dissertation is based on this “new leadership school” whose foundation was set by Bass (1985). Bass countered the previous paradigms of transactional leadership, stating that leadership is more than a simple exchange theory based on a give-and-take behavior. Follower outcomes, according to Bass (2008) are based on a “sense of purpose and an idealized mission” (p. 11). He refers to this as transformational leadership, in which charismatic and motivating leadership behaviors allow followers to excel and outperform for the good of an ideal. This approach is commonly defined as the “Neo-Charismatic” approach and is the base of the most frequently published Leadership Quarterly articles according to Gardner et al. (2010). The details of this leadership approach are elaborated and discussed in later sections of this dissertation.

8. Biological and Evolutionary Perspectives (Bass, 2008, p. 48-49; Day & Antonakis, 2011, p. 12; Vugt, Hogan, & Kaiser, 2008): This approach to leadership is the newest and utilizes a hard-science approach, as the perspective of leadership is encountered by directly observable individual differences via e.g. strict biological

variables (Zyphur, Narayanan, Koh, & Koh, 2009), behavioral genetics (Arvey, Rotundo, Johnson, Zhang, & McGue, 2006), gender differences (Arvey, Zhang, Avolio, & Krueger, 2007; Grant & France, 2001), hormonal research on dominance (Sellers, Mehl, & Josephs, 2007), neuroscientific or sociobiological developments (Chiao, Mathur, Harada, & Lipke, 2009; Kramer, Arend, & Ward, 2010; Vugt & Schaller, 2008). According to Day and Antonakis (2011) this field of leadership development is growing rapidly and is expected to contribute to the future complexity of leadership research.

9. Emerging developments in leadership (Bass, 2008, Chapter 36; Day & Antonakis, 2011, p. 12): The latest developments of leadership research are related to the emerging movements which are based on undiscovered topics related to leadership research such as ethics, multinationalism or diversity in leadership (Bass, 2008; Brown, 2007; Brown & Trevino, 2006; Eagly & Chin, 2010). Just like the novel roles ethics (Northouse, 2013, Chapter 16; Turner, Barling, & Epitropaki, 2002) or diversity play within leadership research, culture has been a recurring variable in leadership research (Northouse, 2013, Chapter 15; Peterson, Philpot, & O'Shaughnessy, 2007). Due to the rapid world-wide development and due to the high mobility of people nowadays, culture and leadership has become a future developing field of leadership research. Since the publications of the GLOBE study (Hanges & Dickson, 2006; House, Hanges, Javidan, Dorfman, & Gupta, 2004; House, Javidan, Hanges, & Dorfman, 2002) cultural leadership has received an increased level of attention, fostering the demand for hybrid-integrative approaches and new frameworks towards leadership (Avolio, 2007; Day, Harrison, & Halpin, 2009; Day & Sin, 2011; Hannah, Uhl-Bien, Avolio, & Cavaretta, 2009; House & Aditya, 1997; Porter & McLaughlin, 2006; Riggio, 2008).

The following figure allows an overview of the sketched historical development of leadership research, based on Day and Antonakis (2011, p. 7).

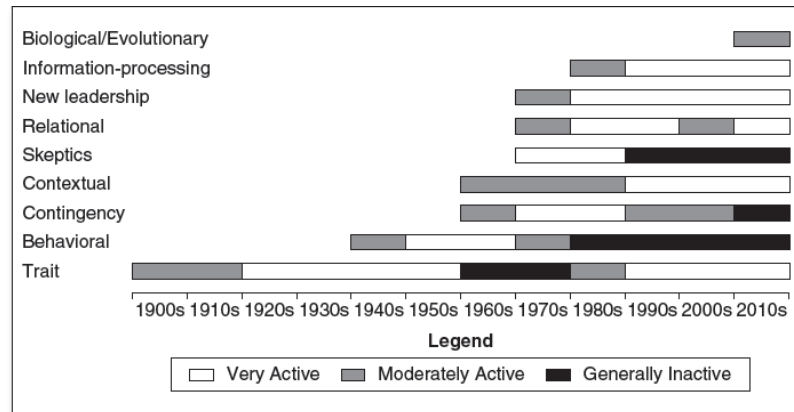


Figure 1. Historical review of leadership research and a future outlook according to Day and Antonakis (2011, p. 7).

I return to the initial question on how leadership is defined. The historical outline underlines that this is no easy quest and that it is almost impossible to find one valid definition for all theoretical schools. This is commented by numerous researchers like e.g. Bennis (1959): “[...] the concept of leadership eludes us or turns up in another form to taunt us again with its slipperiness and complexity [...]” (p. 259), Bass (1990): “[...] there are almost as many definitions of leadership as there are persons who have attempted to define the concept” (p. 11), or Yukl (2006): “There is no consistent, overall definition of leadership performance [...]”.

On the other hand, a glimpse into the beginnings, trials and developments of leadership definition prove the existence of successful approaches towards a concept of leadership definition, based on attempts by e.g. Hemphill and Coons (1957): “[...] leadership is “the behavior of an individual [...] directing the activities of a group [...]” (p. 7), or Burns (1978): “[...] leadership is exercised when persons [...] mobilize [...]”

institutional, political, psychological, and other resources so as to arouse, engage, and satisfy the motives of followers” (p. 18).

In summary it appears that there might be no uniform, all-embracing standardized, simple definition of leadership – however, depending on the leadership school, clear definitions undeniably exist. In terms of my approach towards leadership, a definition of Bass (1990) does help us to approach the context within the framework of this dissertation, as Bass claims that “Leadership is an interaction between two or more members of a group that often involves a structuring or restructuring of the situation and the perceptions and expectations of the members. Leaders are agents of change – persons who affect other people more than other people affect them. Leadership occurs when one group member modifies the motivation or competence of others in the group” (p. 19). The specific environment I am approaching in this study (i.e. financially and culturally diverse environments experiencing massive amounts and situations of change) fits well to Bass’ (1990) definition of leadership, as the countries and the insurance companies of my observation have been - and still are - undergoing massive (leadership) change processes. These ongoing changes and measures of political, economic, religious, social, or other nature utilize everyday leadership behavior and include the activities of uncountable agents of change (employees, managers, colleagues, teams, etc.) who enhance processes of active restructuring. Therefore the definition of Bass (1990), which inter alia includes the perspective of change, is in line with my research focus.

Having clarified the approach to leadership I perceive, and before introducing the core leadership theory and leadership model utilized in this dissertation, I would at first like to differentiate between the common terms “leadership” and “management”, as these terms lack distinction (Boehnke et al., 2002). Both terms are often used, confused,

and put into wrong context. Kent (2006) elaborates the differences between the two terms and stresses that the concepts of leading and managing evidently work together like a tandem (Kent, 2006, p.1013). Leading and managing usually reside within the same individual but are different to each other as the tasks related to leading and managing differ significantly. For example, jobs can be of high degree in managing and low degree of leading (e.g. a unit leader responsible for a small team of construction site workers who joins in personally to operatively work on repairs together with his team has more managing functions than tasks of envisioning). Or the other way around; high in terms of leadership but low in managing (a board member of a stock company whose main task is to envision and lead strategically and not get involved in tasks of daily operations). When comparing both terms, the purpose of leadership, as summarized by Kent (2006, p. 1013) is “[...] to create direction and the unified will to pursue it through the development of people’s thinking and valuing [...]”, whereas the purpose of managing is “[...] to determine and compare alternative uses and allocations of resources and to select that alternative which is most energy effective toward accomplishing or producing a product, end or goal”. It appears that managing has a more “hands on approach” than leading, which is more envisaging and addresses higher states of behavior. This differentiation serves us as a good base, as the way leadership is differentiated by Kent (2006), is, in essence, reflected in the Full Range Leadership model by Bass and Avolio (1994) who ascribe higher levels of leadership to vision, self-recognition and higher levels of communication. In the following section these higher and lower levels of leadership will be elucidated within the framework of Bass and Avolio’s model of leadership (1994) known as the Full Range Leadership Model.

Transformational Leadership and the Full Range Leadership Model

Substantial research on transformational leadership during the last two decades has evolved and motivated numerous leadership researchers to test findings of the most important authors (e.g. Bass, 1985; Sashkin, 1988; Tichy & DeVanna, 1990) and to continuously challenge and develop these concepts of leadership. Historically seen, a significant amount of research in the 1980's was focused on new leadership paradigms which included linking the exchange-theory based transactional leadership to diverse outcomes, like e.g. sales performance outcomes (Yammarino & Bass, 1990).

Some research managed to identify links between transactional leadership style and positive performance outcomes and is supported by Humphreys and Einstein (2003), who argue that transactional leadership is still the most frequent leadership to be found in today's industries. One of the main reasons for this finding is based on positive correlations between active levels of transactional behavior (also called contingent reward), which positively influences follower attitudes and performance. In fact, Dubinsky, Comer, Jolson, and Yammarino (1996) claim that the utilization of active transactional leadership is the key to higher levels of salesperson's affective and behavioral responses. This is in part challenged by Bass' theory of transformational leadership (1990), which is based on the cornerstones of Burns' idea of the transforming leader (1978), as well as the charismatic leader described by House (1977).

Bass' transformational leadership theorem was able to take research to a next level with a focus on managers and employees being part of a system where the "give-and-take approach" of a transactional leader is outnumbered by a transformational leadership style, which "convinces their associates to strive for higher levels of potential as well as higher levels of moral and ethical standards" and not simply "perform at expectations" (Bass, 2004, p. 95). Hence, transformational leadership, in contrast to

transactional leadership, can be outlined as leadership, which transforms organizations and individuals in their values, goals, standards, needs and ethics (Bass, 1985; Burns, 1978). Leaders, using a transformational leadership style exercise exceptional influence in order to motivate and budge others to complete tasks beyond individual and organizational norms.

On the contrary, transactional leaders maneuver within existing systems and nurture contingent-reward behavior or engage in active management by exception (Avolio, Bass & Jung, 1999). Those leaders who display passivity and react to situations irregularly are furthermore classified as passive avoidant leaders (Bass, 2004). The transformational, transactional and passive avoidant leadership styles are constituent parts of Bass and Avolio's "Full Range of Leadership" model (1994) and are elaborated in brief below.

The full range leadership model.

The Full Range Leadership model (FRLM) is based on more than one-hundred years of leadership research and is able to portray the whole range of leadership styles from high-order transformational to non-leadership styles. The model identifies and differentiates between transformational and transactional leadership as well as passive avoidant behavior. The transformational leadership parameters consist of four dimensions related to transformational leadership, often referred to as "the four I's":

1. Idealized Influence (often abbreviated as "II") which is split into (1a) Idealized Attributes and (1b) Idealized Behaviors.
2. Inspirational Motivation (also abbreviated as "IM").
3. Intellectual Stimulation (also abbreviated as "IS").

4. Individual Consideration (also abbreviated as “IC”).

Transactional leadership consists of two leadership levels:

1. Contingent Reward (also abbreviated as “CR”).
2. Management-by-Exception Active.

Lastly, passive avoidant (leadership) behavior is classified by

1. Management-by-Exception Passive.
2. Laissez-Faire leadership behavior.

In detail the characteristics of the FRLM-variables can be described as follows:

Transformational leadership dimensions.

Idealized Influence¹ (II; “Actions speak louder than words”²)

Idealized Influence is split into two factors (Bass, 1999, p. 20; Day & Antonakis, 2011, p. 266): Idealized attributes and idealized behaviors. The transformational leaders utilizing these dimensions are trusted, respected and even admired. Idealized attributes evoke followers to instill pride in being associated with their superiors and motivate subordinates to go beyond self-interest for the good of the group (Avolio & Bass, 2004, p. 95). Idealized behaviors are related to the transformational leader stressing the collective sense of a mission, the importance of values and beliefs as well as the consideration of moral and ethical responsibility (Avolio & Bass, 2004, p. 95).

Inspirational Motivation (IM; “Exciting the masses / sharing the vision”²)

Transformational leaders using vehicles of inspirational motivation are able to inspire their surrounding by talking optimistically about the future, by adding

¹ This variable was once named “Charisma” until Avolio approached Bass to neutralize the term due to a potential “idolization of the leader” (see Day & Antonakis, 2011, p. 265).

² Barbuto and Cummins-Brown (2007), reference continued on following pages.

enthusiasm and vision to goals that are to be achieved. Individual as well as team spirit is triggered by this leader and the ability to envision attractive future states which the followers are able to envision themselves in later steps (Avolio & Bass, 2004, p. 95).

Intellectual Stimulation (IS; “Thinking outside the box”²)

The followers of these transformational leaders are stimulated by being able to question assumptions, by searching for different perspectives in problem-solving, by allowing multiple views and approaches to issues and permitting innovation and creative mind-sets (Avolio & Bass, 2004, p. 96).

Individual Consideration (IC; “Compassionate leader”²)

Transformational leaders making use of this factor pay attention to develop followers according to their strengths and individual potential. They coach and take time to train their staff. They pay attention to the individual differences in the team and create a climate in which subordinates can grow (Avolio & Bass, 2004, p. 96).

The second part of the Full Range Leadership model comprises the transactional and passive avoidant components which illustrate the exchange relationship (“contingent reward” and “management-by-exception active”) between superior and follower as well as the passive (“management-by-exception passive”) to ineffective (“laissez-faire”) dimensions.

Transactional leadership dimensions.

Contingent Reward (“Let’s make a deal”²)

Transactional contingent reward leaders set clear targets and outline what the subordinate will receive in return for goal achievement. Support is given by the leader and satisfaction is clearly expressed upon goal achievement, punishment in case of failure otherwise (Avolio & Bass, 2004, p. 96).

Management-by-Exception: Active (“Putting out the fires”²)

This leadership style consists of monitoring irregularities, mistakes and deviations from standards. The focus lies on managing mistakes and trouble-shooting in order to take corrective action whenever needed (Avolio & Bass, 2004, p. 96).

Passive-Avoidant Dimensions.

Management-by-Exception: Passive (“If it ain’t broke, don’t fix it”²)

Passive leaders fail to interfere until problems become serious. They support the belief “if it ain’t broke, don’t fix it” and demonstrate that problems need to become chronic before they take action. Agreements are not formulated; expectations are not clarified, leaving the subordinate with little positive leadership traits to identify with (Avolio & Bass, 2004, p. 97).

Laissez-Faire (“Hands-off leadership / No leadership”²)

Laissez-faire leaders basically describe a “no-leadership” approach. They avoid getting involved when important issues arise, they are absent when needed, and delay or avoid being involved in decision making processes with severe negative impact on followers and partners (Avolio & Bass, 2004, p. 97).

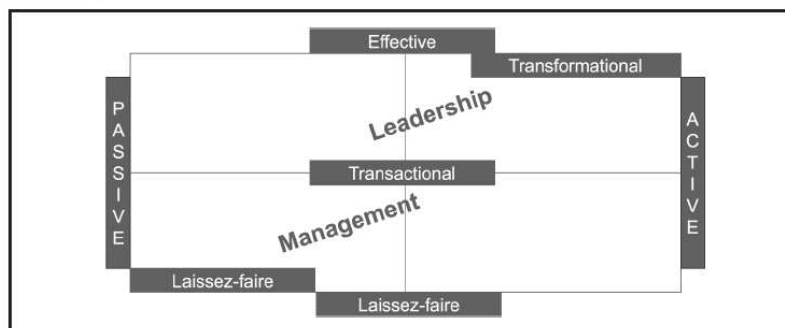


Figure 2. The Full Range Leadership Model according to Kirkbride, 2006 (adapted, p. 24).

Reviewing the last sections, one might obtain the impression that transactional leadership is the second choice when it comes to leading subordinates. This finding may be too simplistic, as the successful leadership style is related to the context of the particular situation. In terms of sales productivity selected literature has proven the effectiveness of transactional leadership in sales settings (see e.g. Walumbwa, Wu, & Orwa, 2008); especially in sales driven environments transactional leadership can have advantages in combination with transformational leadership (see e.g. Dubinsky, Comer, Jolson, & Yammarino, 1996; Martin & Bush, 2003; MacKenzie, Podsakoff, & Rich, 2001). The give and take approach “...you deliver results, I give you money and a bonus on top for good performance” (transactional) can be further enhanced by the visionary and charismatic (transformational) leadership style which potentially leads to higher performance, higher satisfaction and higher levels of identification with work and one’s employer “...if we reach our common targets we can become the market leader in five years from now - this will have direct implications for your personal reputation, image, remuneration and success on the market as insurance agent”.

Bass (1998) comments on the interplay between the two leadership styles and argues that “transformational leadership does not substitute for transactional leadership” (p. 21). Bass’ comment is flanked by Elenkov (2002) who states that “many transformational leaders reportedly engage in transactional behaviors, but more importantly, they often supplement those behaviors with some elements of transformational leadership” (p. 470). Or put differently by Bass and Avolio (1989): “[...] for optimal effectiveness, leaders should be both transactional and transformational” (p. 511).

This train of thought is supported by Avolio, Waldman and Einstein (1998), who suggest the enactment of stronger transactional and transformational leadership trainings in organizational settings, in order to boost sales staff effectiveness as well as organizational performance. It appears that transformational leadership does not replace but rather builds upon the base layers of transactional leadership. The potential to boost performance is commonly described as the augmentation effect (Bass, 1985). The augmentation effect was originally proposed by Bass (1985) in stark contrast to Burns' (1978) original assumption that transformational and transactional leadership styles were at opposite ends of the same continuum: you were either a transactional leader or a transformational leader (Avolio & Bass, 2004, p. 38). Today's leadership research agrees upon the interactive idea of transactional leadership behavior serving as a base for the transformational leader who is able to motivate his or her staff to outnumber expectations and perform beyond the usual, based on the four I's of transformational leadership (II, IM, IS and IC). For the best case scenario in which the transformational leader is able to utilize the four I's and is able to pursue subordinate extraordinary performance, Avolio and Bass (2004) introduced the term of "extra effort" in order to describe the augmented contributions of followers.

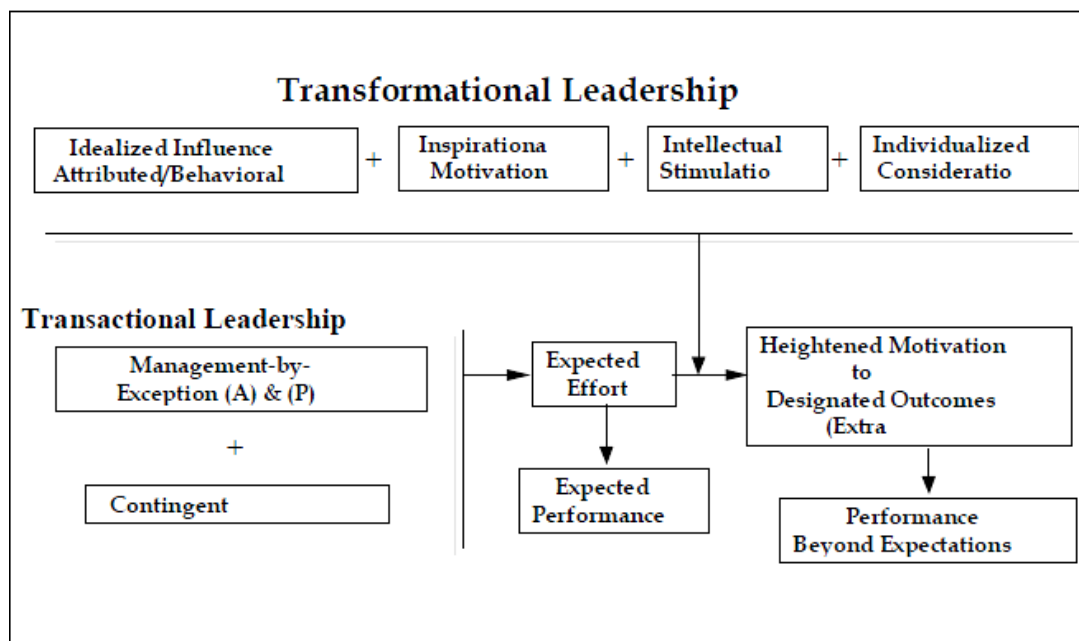


Figure 3. The Augmentation Effect by Bass and Avolio (2004, p. 19). Copyright by Mindgarden Inc.

In summary, the FRLM has in large been received positively (Kirkbride, 2006; Lowe et al., 1996) and serves as a “complete picture of the full range of leadership” as Humphreys and Einstein quote (2003, p. 93). I consider the FRLM as the backbone of my dissertation’s approach towards leadership and dedicate special attention to the transformational aspects, as transformational leadership behavior appears to be most promising in mediating sales productivity and employee work satisfaction (e.g. Geyer & Steyrer, 1988; Judge & Piccolo, 2004).

Since I consider my study being a pioneering study in the financial industry of central Eastern Europe, one of my main objectives is to investigate which leadership style is predominant within my samples in Serbia, Montenegro and Ukraine. Which effect does transformational leadership have (i.e., if it has any) on the sales performance of the sales staff? And does transformational leadership mediate any level of job

satisfaction? These are main questions which excel the pioneering character of the study. It is therefore even more important to find the potential (missing) link between transformational leadership and performance, and to furthermore identify causalities between ratings of employees upon their superiors (subjective measure) which I can in a third step link these to hard measures like sales performance (objective measure), job satisfaction and possible differences in cultural dimension. I therefore continue by elaborating selected (Western) literature on transformational leadership and performance within the next section. This will be followed by reviewing the literature on transformational leadership (Bass & Avolio) and job satisfaction (Spector) as well as the cultural value dimensions (Hofstede).

Transformational Leadership and Performance

On a general level, and according to Kirkpatrick and Locke (1996), a vast number of empirical research papers have managed to find positive relationships between transformational leadership and performance. However, there is selected empirical research on transactional leadership and performance where results have been mixed. In some settings transactional behavior supported performance and in some it hindered outcomes of productivity (Boehnke et al., 2003, p. 6).

Things are clear(er) in the case of laissez-faire management style: An exhaustive study based on 2273 subjects by Skogstad, Einarsen, Torsheim, Aasland, and Hetland (2007) underlines the destructiveness of this no-leadership behavior, as the authors were able to directly link laissez-faire behavior to role conflict ($\beta = .45$), role ambiguity ($\beta = .42$), and severe conflicts ($\beta = .27$), like bullying ($\beta = .27$), with fellow-workers via path analysis. In short, there is strong evidence for passive avoidant / laissez-faire behavior

to be unfavorable in terms of fostering performance, growth and work satisfaction (bullying).

Since chances appear low to boost sales performance by utilizing passive avoidant / laissez-faire behavior we turn our attention to the transformational and transactional aspects. We remember that both elements are part of the FRLM and are not only linked to another but are also part of the augmentation effect; transactional behavior can be seen as the basis to achieve a goal, whereas transformational behavior can be interpreted as the expansion of transactional leadership which allows employees to perform above and beyond expectations (Bass & Avolio, 1994).

At first, a brief overview of transformational leadership and performance will serve us as an initial starting point, followed by the role transactional leadership takes on in sales specific environments: It is often carped at leadership, being a part of numerous psychological investigations, for rarely being measured against real-time personal performances in economy (hard and objective economic criteria in the context of organizational research) and needs further scientific attention (see e.g., Cole, Bedeian, & Bruch, 2011; Geyer & Steyrer, 1998; Ling, Simsek, Lubatkin, & Veiga, 2008). Geyer and Steyrer (1998) underline that the usage of empirical data increases the practical research-value allowing findings to develop measures of improvement which can be deduced for every-day business life in new socio-cultural contexts. Cole, Bedeian and Bruch (2011) argue for the necessity to implement increasing amounts of objective performance measures in order to enhance robustness of research methodology in leadership contexts (p. 13). Methodologically seen, the data of this dissertation is based on subjective (questionnaires) and objective hard measures (sales

statistics), and is in line with the request for objective performance indicators (Cole et al., 2011; Geyer & Steyrer, 1998).

In their Austrian banking study Geyer and Steyrer (1998) display that objective performance data can be related to levels of long- and short term leadership quality. They were able to make use of 1456 MLQ 5r (modified) questionnaires – the MLQ questionnaire is the appropriate questionnaire by Avolio and Bass to measure their proposed levels of leadership postulated in their FRLM – as well as objective customer data and detected that core³ transformational leadership correlates well with extra effort (which was mentioned before within the context of the augmentation effect) ($r = .84$), long-term ($r = .28$) and short-term ($r = .26$) performance. Individualized consideration (IC) and contingent reward (CR - one of the subscales of transactional leadership) also correlated well with (core) transformational leadership: ($r = .65$ for IC and $r = .84$ for CR), while IC correlated lower ($r = .69$) than CR ($r = .82$) with (core) extra effort. The first subscale of passive avoidant leadership, management by exception passive, consistently correlated negatively with (core) transformational leadership ($r = -.40$), IC ($r = -.14$), CR ($r = -.41$) and the performance measures extra effort ($r = -.30$), long-term performance ($r = -.13$), and short-term performance ($r = -.19$). Taken together, the study by Geyer and Steyrer (1998) proves transformational leadership to have a positive impact on long-term-performance.

These positive correlations between transformational leadership and performance outcomes are supported by another study by Ling et al. (2008) who measured the impact

³ The term “core transformational” is related to two extra variables Geyer and Steyrer (1998) added to the four I’s of the FRLM. The items reflect the charismatic nature of leadership: (a) is viewed as a symbol of success and accomplishment, and (b) has a sense of mission which s/he communicated to me.

on performance by transformational leaders in small- to medium sized enterprises: Transformational CEO leadership correlated well with sales growth ($r = .35$) and perceived firm performance ($r = .30$) in difficult environments. Despite the throughout positive correlations between transformational leadership (total score) and numerous performance indicators, the sub-variable of individualized consideration (IC) in Geyer and Steyrers' study is rather related to short-term success parameters only. In reference to the extra effort and the augmentation effect, the data of Geyer and Steyrers' study (1998) confirms transformational leadership having an effect above the levels of transactional leadership.

Passive avoidant behavior proves to be the wrong choice when wanting to achieve high and long-term performance related results. These results are based on retail business in the financial banking sector, a field of business which is very closely linked to the activities of retail insurance business and therefore serves as a good base of comparison and reference, especially when considering the scarcity of international insurance leadership research (Ho, Yong, Ching, & Boon, 2009, p. 2438).

At best, the findings of Geyer and Steyrer (1998) would be supported by other leadership research. The conclusions like those of the exhaustive meta-analysis by Lowe, Kroeck and Sivasubramaniam (1996) give insight on a broader level, as they found strong correlations between all transformational leadership components and subjective and objective performance measures (or "work unit effectiveness", p. 412). The study of Lowe et al. (1996) e.g. underlines that transformational leadership style appears to have positive impact across several contexts, underlining the flexibility and broad-base usage of the theorem (p. 412). Lowe et al. (1996) additionally conclude that transformational leadership styles may be more present in lower and middle level

management positions, as lower and middle level leaders have more one-to-one contact with their employees and have more chances for charismatic encounters to reach the desired performance levels. Higher order management positions have fewer operative interactions with staff and therefore cannot practice highest order leadership behavior on regular base (p. 418). This finding is important for this study, as I target the sales employees (lowest level of hierarchy in an insurance company, although high in nominal performance and turn-over productivity) and the lower and middle management which is directly linked to managing the sales employees. Based on Lowe's et al. (1996) findings, my sample is a promising sample to assess higher (transformational) leadership structures (lower and middle management) and the sales-agent levels which are ranked lower (transactional and passive avoidant).

A further finding of Lowe et al. (1996) underlines that transactional (contingent reward) leadership is correlated at significantly lower levels with high outcome performance when compared to transformational levels. The meta-analysis moreover underlines the widely observed fact that passive avoidant leadership (management by exception) correlates negatively with performance measures (e.g., Geyer & Steyrer, 1988; Judge & Piccolo, 2004).

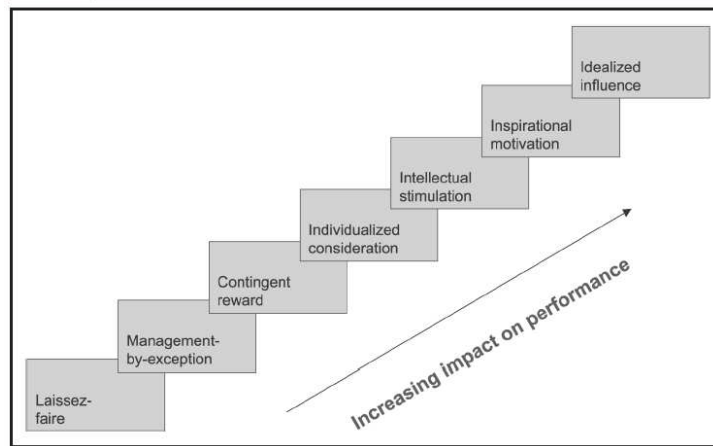


Figure 4. The Full Range Leadership Model in relation to performance according to Kirkbride, 2006 (adapted).

In our case, a closer look into the specific sales and insurance sales related literature is necessary to be able to understand how exactly the FRLM interacts with sales performance in general, and how it interacts with insurance sales performance in particular. Bass (1997b) comments on the complexity in sales driven environments and pays tribute to the salespeople in terms of leadership skill: “leadership and selling are both forms of influence” (p. 1). Bass (1997b) underlines that effective selling is closely related to effective forms of leadership. In our case, this refers to the importance of sales unit-managers who lead teams of salesmen and saleswomen (sales agents). The sales unit-manager typically directs sales teams and is directed by the regional directors of a larger insurance company or directly via the headquarter management in smaller companies. Hence, the role of the unit-manager is “in between” the lines and necessitates high organizational skill, high sales-orientation but foremost high leadership-skill. Leading teams of 30-40 salesmen and –women is not uncommon in larger insurance companies; in smaller companies the ratio can even be as low as 1:5 (one manager for five employees in sales). Thus, not only being able to accept but also

reach regional sales planning targets can only be achieved successfully by unit-managers with comprehensive leadership skill, positive influence and positive role-modeling behavior.

According to Rich (1997), especially positive role modeling by the sales manager had a positive influence (standardized estimate) on the sales agent's trust in the manager ($\beta = .82$), which in turn had positive outcomes in the sales agent's level of job satisfaction ($\beta = .42$) and overall performance ($\beta = .30$). It appears, that "the most effective leaders [...] provide a model that is consistent with the goals and objectives of the organization" (Rich, 1997, p. 320). If the role modeling value system of the sales-manager is inspirational, consistent and authentic, then it is likely that the sales agent (in the role as a follower) can identify with his or her superior and follow (Rich, 1997). Bass (1985), Rich (1997) as well as Judge and Piccolo (2004) comment on the transformational character role-modeling can have on followers, and consequently underline that transformational behavior (e.g. the four I's) can be related to a role modeling behavior of leaders (Bass, 1985).

Let us turn our attention to the relationship between the sales unit-manager (leader) and the sales agent. One of the main tasks of the unit-manager is to ensure that the sales-agent is well trained in order to perform the sales-talk with customers. In a sales talk e.g., the customer is in general actively led by the sales agent. Since the seller is expected to be a well-trained person, and since the seller usually has a certain level of expertise and experience, he or she can therefore be seen as a competent counterpart who overtakes initiative in a customer-sales related talk. If the seller lives up to his or her promise to actively listen and lead the customer through the complexity of insurance topics, and if the customer is able to follow the thoughts of the seller, then the leadership-task or training goal of the unit-manager in terms of sales-professionalism

can be seen as accomplished (Schroeder, 2005). Leading in insurance sales talks involves the ability to understand customer wishes, to outline them actively by discussing them with the customer, and to finally find a tailor-made solution for the customer's needs and wishes by offering and selling a customized (insurance) solution. In its best case, the insurance sales agent and the customer find a common base of discussion based on high levels of trust and sympathy (Schroeder, 2005). Hence, leadership behavior is potentially discharged within this dyadic leader (unit-manager) – follower (sales agent) relationship (Bass, 1997). Bass' (1997) conclusion on the matter of how closely salesmanship is linked to transformational or transactional leadership can be summarized based on his long-term study including approximately 400 salespeople: "As with transformational leadership, selling will be more effective when salespeople are both emotionally and intellectually appealing, as well as considerate of their customer's needs", whereas "[...] with transactional leadership, salespersons will be more effective if they are clear how the customer profits from concurrence with the salespersons' efforts and ensure the benefits occur." (p. 1).

In summary, a mix of both leadership styles appears to be purposeful: Transformational leadership behavior is beneficial to targeting higher levels of customer ideals and customer wishes, whereas transactional leadership behavior gives access to the give-and-take benefit ideals of a customer. In the end, both, transformational and transactional elements are necessary to be transferred in training, supervision and personal talks between unit-manager and the sales agents. It is necessary, that the unit-manager is able to underline and exemplify (e.g. by transformational role-modeling) the benefits for the sales agent by being able to serve, being able to do good, being able to sell (transactional) and being able to reach targets with a sense and philosophy of

protecting lives (transformational) as well as the final (positive) result of winning a customer who is interested in receiving a tailor-made solution. If utilized properly and if lived authentically, the leadership behavior of sales unit-managers can be utilized successfully to productively influence the sales agent's (follower's) and finally customer's purchasing behavior (Bass, 1997).

How customer behavior is influenced in a specific insurance sales (or financial sales) environment has been demonstrated by Geyer and Steyrers' (1988) retail banking study, which provides us with notable evidence on transformational leadership and salesperson performance. In addition, another life-insurance study by MacKenzie, Podsakoff and Rich (2001) draws attention to the unique and particular sales-environment of insurance sales agents. MacKenzie et al. (1988) underline that insurance salespeople often do not experience supervision, face heavy emotional demands and in its worst case suffer burnout. According to MacKenzie et al. (1988) these symptoms of high demand can be battled by transformational behavior of superiors, (p. 117), and have potential influence on reducing the high turnover in insurance business. The study which is based on the responses of more than 470 sales agents reveals that transformational leadership has an indirect positive effect on performance: Individualized support had a positive relation to in-role sales performance ($\beta = .22$); in-role sales performance was defined as "[...] sales volume, dollar sales, managerial evaluations of sales effectiveness [...]" (p. 87). High performance expectations and core transformational behaviors however were not related (p. 127). Nevertheless, indirect relationships showed positive relations to transformational leadership, like the level of trust ($\beta = .74$), individualized support ($\beta = .25$) and contingent reward ($\beta = .17$). Hence, the study of MacKenzie et al. (1988) might fail to overtly prove direct links between transformational leadership and performance outcomes but reveals transformational

behavior being related to several indirect transformational variables, which in the end are able to boost performance in sales.

Do these (mixed) findings of the MacKenzie et al. (1988) study bring the concept of transformational leadership in an insurance sales context to a fall? The answer is Yes and No. Simply put, there are studies in favor of transformational behavior which can be linked to performance directly (see e.g. Chi, Tsai, & Chang, 2007; Howell & Avolio, 1993) or by the means of the transformational augmentation effect (Russ, McNeilly, & Comer, 1996). Then there are studies proposing a mixture of both, transformational and transactional behavior (see e.g. Deluga, 1990; Duncan, 2011; Ho, Yong, Ching, & Boon, 2009; Humphreys 2002), and there are studies which promote the transactional style in particular to productive sales environments (see e.g. Dubinsky, Yammarino, Jolson & Spangler, 1995). Hence, findings are mixed, showing that the context of measurement seems to be important. As I mentioned before, in insurance sales, both, transformational and transactional leadership-talk can maximize the outcomes of sales talks (Bass, 1988). A different perspective by Duncan (2011) is drawn to the background of the customer: Duncan (2011) cites one finding by Bass (1985) in relation to the mixed results in sales environments; it appears that transformational behavior has more chances to show its face in environments and organizations where members are “highly educated and innovative, [where] goals and structures are unclear, but warmth and trust are high” (p. 20). Transactional leadership appears more likely in organizations where goals and structures are specific and where members’ work is extremely well defined (p. 20). In our case, the comment of Duncan (2011) would suggest that due to the insurance sales specificity of our study, transactional leadership behavior might have a higher impact than transformational

leadership on sales performance due to the highly structured give-and-take approach, which is (predominantly) used in insurance sales environments (e.g. Dubinsky et al., 1995). On the other hand, Geyer and Steyrer (1998) were able to empirically prove the link between transformational leadership effects and long-term sales performance in a financial industrial sales environment.

What do these findings finally implicate for this study? My study measures performance over a time frame of one year and complies with the approach Geyer and Steyrer (1998) chose to assess the effects of transformational leadership and sales performance. The further meta-analytic findings of Lowe et al. (1996) suggest that transformational leadership behavior predicts objective and subjective performance and is well in line with my approach towards leadership and performance, as I make use of both measures: subjective – questionnaire tool and objective – hard sales controlling parameters. In addition, the environment within which I assess the subjects is experiencing high levels of political, social and work-related ambiguity and most of all: Change. According to Bass (1997), transformational leaders are most successful in managing difficult and instable environments as they act as “agents of change” (Bass, 1990, p. 19).

The study of Ling et al. (2008) supports the change agent approach and was able to link top management transformational leadership (as agent of change) to sales growth performance. I assume that our participants are agents of change, mastering difficult environments within emerging markets. I assume that the managers are able to perform transformational since the growth of the companies assessed has been performed over several years. I assume that the participating managers are able to utilize the augmentation effect and therefore hypothesize as follows:

Hypothesis 1: Transformational leadership will be able to determine insurance sales growth performance in all three countries of investigation.

Transformational Leadership and Job Satisfaction

A primary interest of this dissertation is to investigate whether the effects of transformational leadership can be linked to the employee's level of job satisfaction. Numerous sales organizations today are in constant search for the secrets of employee satisfaction, follower performance, company success and high employee retention (also: low levels of turnover or drop-outs). Several organizations have identified apparent links between high performance and job satisfaction, and therefore persistently try to achieve high sales performance, by evoking high levels of employee job satisfaction, which in turn results in potentially lower drop-out rates of freshly employed sales staff (Spector, 1997; Sutton & Griffin, 2004). Most organizations are however often faced with poor research data and miss scientifically based links of causality between performance, job satisfaction and employee retention. This hinders companies to empower profitable organizational changes (change management) effectively and leads to missing out on finding tailor-made measures to e.g. increase performance and workers' job satisfaction.

Although organizations face methodological difficulties, scientific research can support and has confirmed that transformational behavior is moderately to highly correlated with subordinates' job satisfaction levels, personal well-being, effectiveness and additional job effort (see e.g., Bass & Avolio, 1997; Ingram, 1997; Kirkbride, 2006; Lowe et al., 1996; Medley & LaRochelle, 1995), as well as lower drop-out rates (Carsten & Spector, 1987). A meta-analysis by Judge, Bono, Thoresen and Patton (2001), encouraged by the quest of finding new relationships between job-satisfaction and other potentially related variables, like e.g. performance, find an average corrected correlation of .30 ($\hat{p} = .30$) between job satisfaction and performance (p. 385). This implies that the level of employee satisfaction is positively related to job performance.

This is a useful finding for sales environments, as sales environments are mainly, if not purely, performance driven. But driving performance is only part of the story, as the right kind of leadership is needed to reach long-lasting performance and satisfaction.

But what is finally the right kind of leadership in order to mediate enhanced levels of job satisfaction? Must it be of transformational nature, or are other leadership styles likewise sufficient? According to the study of Judge and Piccolo (2004), only transformational leaders who are able to motivate their staff, stimulate intellectually, or articulate common targets and future visions have the potential to be accepted as a positive role model by followers. Judge and Piccolo (2004) base their line of argumentation on the regression values of their meta-analysis, where transformational leadership was proved to be linked to job satisfaction positively ($\beta = .32$), whereas management by exception passive leadership showed negative relations ($\beta = -.10$). Other elements of the FRLM revealed positive links between leadership style and employee work satisfaction, yet not as strong as for the transformational values: Transactional leadership ($\beta = .22$), management by exception ($\beta = .12$). A later study by Yang (2009) is in line with the findings of Judge and Piccolo (2004), as Yang was able to empirically highlight the existing link between total satisfaction ($\beta = .59$) and transformational leadership in the setting of a life insurance sample (p. 1270). Yang (2009) furthermore found transformational leadership behavior to coincide with the internal ($\beta = .55$) and external locus ($\beta = .51$) of employee work satisfaction. Intrinsic satisfaction was described as the employees' needs for "[...] professionalism at work, the acceptance of one's job by friends and peers, the ability to help others at work, the teaching opportunities at work, the chance to freely voice personal opinion, the

opportunity to apply one's own approach, as well as the feeling of achievement through personal actions" (Yang, 2009, p. 1277).

In contrast, extrinsic satisfaction was described as the "[...] employees' needs for adequate remuneration, opportunity for advancement, and being praised for doing a good job" (Yang, 2009, p. 1273). Transformational leadership had positive effects on both, intrinsic and extrinsic employee job satisfaction. Transformational leadership and intrinsic job satisfaction coincided well, due to the known elements of Bass' (1998) FRLM where elements of charisma, individualized consideration or intellectual stimulation play a decisive role in enabling enhanced levels of job satisfaction. Yang (2009) concretely refers to the insurance managers of his study being able to enhance employee intrinsic motivation by utilizing key elements of the transformational paradigm: "[...] inspiring through charisma; meeting emotional needs through individualized consideration; intellectually stimulating by an awareness of problems and insight into problem solving" (Yang, 2009, p. 1270). As for extrinsic employee job satisfaction one would expect transactional behavior to play an important role, since the extrinsic levels of employee job satisfaction were related to elements like the "[...] employees' needs for adequate remuneration or the opportunity for advancement [...]" (Yang, 2009, p. 1273). According to Yang (2009) transformational leaders have the ability to touch and motivate the extrinsic elements of employee job satisfaction, since the transformational leader "[...] will be skilled in understanding the feelings and needs of employees as well as concurrently providing them with personal career development and growth [...]" (Yang, 2009, p. 1272). The higher level of sensitivity and empathy of the purely transformational leader is therefore able to outnumber the give-and-take behavior of purely transactional leaders.

All in all these findings underline the effective potential of transformational leadership on mediating (intrinsic and extrinsic) levels of job satisfaction within insurance sales environments. If transformational leadership is able to promote intrinsic and extrinsic levels of motivation and overall satisfaction with work, then employees should consequently follow their transformational leaders during times of change (Bass, 1998). Employees will further accept complex and difficult tasks under the lead of transformational leaders and will perceive their jobs to be of importance having a broader sense of mission and long-term vision. This in return could increase the chances for elevated levels of employee follower satisfaction with their transformational superior. A potential outcome of the employee loyalty (followership) is a transformational leader which is more effective towards internal demands (e.g. staff) and external duties (e.g. goal fulfillment), as the transformational leader can rely on his staff.

Judge and Piccolo (2004) assessed three elements of Bass and Avolio's Multifactor Leadership Questionnaire (2004) and measured items related to employee loyalty (followership) and group performance. The items which are summarized as the outcomes of leadership consist of employee ratings on how they perceive their leaders and display how satisfied the employees are with their superiors. The outcomes of leadership comprise the extra effort of the leader, the effectiveness of the leader, and the leader's methods to achieve satisfaction with the leadership style used (p. 97). Judge and Piccolo (2004) found, that the "follower satisfaction with leader" ($\hat{p} = .71$), as well as the "leader effectiveness" ($\hat{p} = .64$), evidently go hand in hand with transformational leadership behavior. The outcomes of leadership have positive effects on workplace behaviors, like satisfaction with followership and group or organizational performance

(p. 760), underlining the effectiveness and the wide range efficacy of transformational behavior within the employee-transformational leader tandem.

In summary, I find that transformational leadership correlates with subordinates' job satisfaction levels, personal well-being, effectiveness and additional job effort.

Transformational leadership has positive impact on performance, which in return, has positive outcomes in terms of employee job satisfaction. In contrast, job satisfaction primarily correlates negatively with passive avoidant behavior, suggesting that passive avoidant mechanisms are counterproductive in terms of employee work satisfaction.

Last, but not least, insurance sales related studies underline the positive effect transformational leaders have on intrinsic and extrinsic job satisfaction levels, potentially leading to high outcomes of leadership (extra effort, effectiveness, satisfaction with the leadership) and followership. Since the research findings which I have summarized in the sections before are based on a mixture of meta-analytic and empirical international studies, I strongly believe the findings to be replicable in this three-nation study. I expect my results to support the link between high transformational leadership and elevated levels of employee job satisfaction, and therefore hypothesize:

Hypothesis 2: Transformational leadership is a positive determinant of employee job satisfaction, whereas passive avoidant behavior acts as a negative determinant of total employee job satisfaction.

Within the next sections I intend to define job satisfaction as such and continue to summarize the latest developments of selected variables which have a possible influence on job satisfaction. Variables like transformational leadership, supervision, goal clarity, role clarity (the opposite of role conflict), different hierarchy levels within an organization, or transactional-contingent reward leadership behavior belong to the

selected variables we assess. In addition, Spector's (1997) job satisfaction questionnaire allows measuring several sub-variables of total job satisfaction and I intend to develop hypotheses in order to test a selection of the sub-variables proposed by Spector (1997).

Definition of job satisfaction.

To begin with, a common definition of job satisfaction is needed. A well cited definition of job satisfaction is provided by Spector (1997): "Job satisfaction is the degree to which people like their jobs. Some people enjoy work and find it to be a central part of life. Others hate to work and do so only because they must. It is the extent to which people like (satisfaction) or dislike (dissatisfaction) their jobs" (p. vii, p. 2).

Selected variables related to job satisfaction.

Job satisfaction, turnover, and other related variables in insurance sales.

Numerous variables and facets are connected to job satisfaction which I wish to summarize in order to gain an overview which broad meaning our results of job satisfaction could have in terms of future leadership research and organizational change management: According to Spector (1997) high levels of workers' satisfaction have a primary positive impact on increasing employee retention. Employee retention stands for experiencing fewer turnovers (also: drop outs) after recruiting new candidates, which is a central issue in insurance sales environments. Insurance companies battle the constant challenge of hiring and educating freshmen and women in sales and experience high levels of drop outs within the first twelve months after employment.

A study by Seligman and Schulman (1986) as well as Seligman's mid 1980's Metropolitan Life Insurance case study (1990) was able to show that the high turnover

of one of America's largest life insurance companies was able to be battled successfully by selectively hiring top level optimists. Optimists, according to Seligman and Schuman (1986) are key drivers in keeping spirits high in tough sales environments, as optimists are able to attribute and master difficult customer and market situations better than pessimists. Seligman developed a questionnaire in which staff was measured on the level of attributional style (either optimistic or pessimistic) and found that hired optimists were able to outperform the staff which passed Metropolitan Life's standard assessment center. At that time Metropolitan Life was hiring 5.000 salespeople a year and trained them at a cost of more than US\$30.000 each (over two years). Of these salespeople, half quit the first year and four out of five within four years. After Seligman introduced the measures to hire top level optimists, Metropolitan Life claimed a significant reduction of drop out in staff (figures are undisclosed) and underline that personality traits and attributional styles, like optimism, are a potential variable in order to battle high fluctuation rates, increase productivity and in turn augment levels of satisfaction with one's job. The companies of our research are not far away from Metropolitan Life's initial turnover statistics⁴, as they claim a drop out ratio between 60-80% within one year of employment. This figure appears to be high, but losing every second to fourth person in ten is reality and almost typical in the field of central Eastern European insurance sales. On a global or macro-level, the reason can be found in poor

⁴ In comparison to Metropolitan Life the insurance companies I assess spend an average amount of 5.500 EUR per newly employed agent during the first year (this includes all costs related to hiring, training, overhead-costs, etc.). A freshly employed agent in Serbia, Montenegro or Ukraine starts becoming profitable for a company after the third year of being employed in the company where all the costs have been neutralized and a certain level of sales production can be expected due to the steadiness of the sales agent after three years of activity.

recruiting process standardizations, poor training levels, poor commitment, poor employer branding and not to forget, the poor attractiveness of an insurance sales job connected with all the hardships one faces in selling insurances to people who are generally reserved towards financial solutions during the financial crisis. On a micro-level, the companies of our research in Serbia, Montenegro and Ukraine claim that the reasons for such high drop outs are numerous: Poor leadership, poor levels of communication, poor career opportunities, poor recruitment and productivity planning, poor marketing / branding, poor profiling, poor selection of the ideal candidate, excessive hiring of friends and family, false expectations, lack of supervision, lack of professional IT support, too complex and fragmented market situations in central and southern Eastern Europe, etc. These shortcomings can be battled by setting-up standardized and measurable processes and can be further encountered by creating a stimulating working environment which includes high levels of supervision of superior to sales agent and may e.g. be accompanied by a strong brand / image of the company.

This latter point, the brand and image of the employer, is according to Spector (1997) an often underestimated factor in the choice of salespeople when deciding where and whom to work for. Mudor and Tooksoon (2011) tested Spector's reasoning and underline that the satisfaction level of co-workers is a good indicator to move people to apply for an open position in sales in a company where the image / brand and employment marketing is positive. The satisfaction level of co-workers can be seen as a potential driver for better sales force moral and lower drop-outs which have an important impact on performance levels and budgets of insurance companies. It is because insurance sales agents usually form the bottom line of business hierarchies with little decision-making powers which often leads them to chose their employer according

to the reputation, brand and image on the market, as the brand and image of a company has positive influences on customer buying behavior and can compensate for being at the end of decision making processes. Spector's claim (1997) that high levels of employee job satisfaction can have a secondary impact on the image and reputation of the company - often referred to as "employer branding" has hence been confirmed. A company where people enjoy work receives positive feedback and is able to build up a positive brand and image. This in turn allows people to feel satisfied to work for that particular company and associate pride to be employed there.

In summary, selected variables which are directly or indirectly related to job satisfaction (Mudor & Tooksoon, 2011; Seligman & Schulman, 1986; Spector, 1997) are:

- lower satisfaction levels which lead to quitting one's job more often than others
- higher optimism levels which can help perform well in insurance sales
- elevated levels of job satisfaction may occur due to high sales performance
- the positive and strong brand / image of a company one works for, which can evoke feelings of security, pride and sometimes has the side effect of better customer approachability which can lead to higher performance and therefore increase chances of higher levels of job satisfaction
- the satisfaction of co-workers, which can be seen as a potential driver for better sales force moral and lower drop-outs

Job satisfaction and supervision.

It is further suggested (Spector, 1997) that high levels of job satisfaction can be seen as a reflexion of good supervision and treatment (p. 2). Supervision (as a sub-variable of job satisfaction – meaning: the satisfaction level of the employee with the kind of supervisory behavior of the manager towards the employee) is one of the main tasks leaders need to take care of when they lead sales teams and subordinate employees, as supervision has been empirically noted to be a critical success factor in terms of job satisfaction, work outcomes and productivity (see e.g. Jaworski & Kohli, 1991; Mudor & Tooksoon, 2011 for the supervision-employee dyad).

In reference to supervision, a sales-study by Teas (1983) has underlined the positive effects of supervisory feedback and supervision, since both were significantly related to subordinate salespersons' job satisfaction levels. In particular, job satisfaction (in Teas' (1983) study job satisfaction was determined as a dependent variable, whereas consideration, initiation of structure, feedback, participation, experience, role conflict and role ambiguity were defined as predictor variables) was able to explain around 47% of variance and was positively linked to (a) consideration, which is "the degree to which leaders structure and define their roles and the roles of their subordinates in job-related activities" (p. 85) ($\beta = .33$), (b) participation, which is "the level to which the salesperson is able to influence decisions about his or her job", (p. 89), ($\beta = .27$), and (c) sales-job experience, which is "the total number of selling experience", (p. 85), ($\beta = .17$). In contrast, (d) role conflict, which is "the degree to which a salesperson [...] believes that the demands of two or more of his role partners are incompatible and that he cannot simultaneously satisfy all the demands [...]", (p. 85), ($\beta = -.30$) was negatively related to the salesperson's job satisfaction.

In summary, Teas' (1983) findings underline the aforementioned importance of a well-functioning superior-employee-superior relationship in sales in order to achieve higher levels of job satisfaction. If the interaction of supervision – satisfaction is as important as it appears, then our attention needs to be directed towards the superior's behavior towards the subordinate sales-agent. Or in other words; if the superior acts charismatic, supportive and transformational, chances are high, that levels of employee satisfaction will increase. Teas' (1983) findings have been confirmed by a more recent study by Nemanich and Keller (2007). In their field study on transformational leadership, within an acquisition environment, Nemanich and Keller (2007) found transformational leadership behavior to be directly related to supervisor-related performance ($\beta = .31$) and job satisfaction ($\beta = .16$). Furthermore, like in Teas' (1983) study, goal clarity had positive influence on performance ($\beta = .13$) and job satisfaction ($\beta = .19$).

Nemanich and Keller (2007) therefore underline that transformational leaders have a major impact on being able to influence the job climate and job satisfaction as these leaders are able to outline the clarity of goals for subordinates "[...] by creating a vision [...] that makes employees feel that they are called to a higher purpose by creating new visions" (p. 53). Transformational leaders "[...] can further enhance employee job satisfaction by creating a climate emphasizing goal clarity. Goal clarity leads to higher job satisfaction because employees have a greater sense of task self-efficacy when faced with clear personal goals than with ambiguous goals" (Nemanich & Keller, 2007, p. 53).

Goal clarity, which can be promoted by close supervision and high levels of communication, (Nemanich & Keller, 2007), helps the employee understand the working-surroundings, the working structures and allow envisioning the future personal

goals and associated benefits. This transformational behavior especially becomes important within difficult or uncertain and changing environments. We remember that the transformational leader acts as an agent of change, as proposed by Bass (1990) in his definition of leadership, and is therefore able to move as an inspiring motivator in challenging situations evoking higher levels of satisfaction and performance on a micro-employee level, but also evokes indirect positive effects on a macro-company level (profit).

Since transformational leaders are good in managing unstable and changing environments (like our countries of assessment) (Bass, 2008; Northouse, 2013), they will be likely to utilize transforming leadership behavior(s), such as being able to motivate their followers to move beyond self-interests to concerns for their group, organization or society (Bass, 2008). These leaders are, according to Bass (1990), able to act and perform as ambassadors of change. Aside the powerful ability to act as an agent of change, transformational leaders are likely to engage in charismatic or individualized considering behavior which e.g. includes the coaching and close supervision of employees (Bass, 2008). Hence, the behavioral enactment of supervision as such can be linked to the transformational four I's; idealized influence, inspirational motivation, intellectual stimulation and individual consideration of the transformational paradigm, whereas non-leadership behavior is likely to result in non-supervising activities. I therefore conclude that if the employee is supervised well, then chances appear to be high that levels of job satisfaction experience a growth spurt and hence hypothesize as follows:

Hypothesis 3: Transformational leadership is a positive determinant of job satisfaction-supervision, whereas passive avoidant behavior is a negative determinant of job satisfaction-supervision.

Job satisfaction and role clarity.

In addition to the importance of the leadership-supervision-job satisfaction triad highlighted by the studies of Teas (1983) and Nemanich et al. (2007), these studies also emphasize the topic of role clarity and role conflict as an essential driver / inhibitor of job satisfaction. The core essence of the findings suggest that as soon as the manager allows the subordinated sales-employee to perceive a certain level and volume of independent own-decision making process, and if the roles of each sales-agent within the working-unit (sales unit) are clear and unambiguous, then there is an increased chance of higher levels of subordinate job satisfaction to evolve due to role clarity.

We remember – within the last section we commented on the positive influence of goal clarity in relation to performance ($\beta = .13$) and job satisfaction ($\beta = .19$) (Teas, 1983). Goal clarity can be described as a different form of role clarity; if the sales agent knows his goals then he is aware of the role he or she is to fulfill within a sales setting. Aside goal and role clarity as drivers of higher levels of subordinate job satisfaction and performance, the duration experience in one's working field appears to be essential for high levels of job satisfaction (Spector, 1997). People who run the sales-job for a longer period of time have higher levels of routine in sales and elevated chances of experiencing long-term successes. In the everyday sales-contacts with customers and partners, these experienced sales agents can also act as satisfied motivators for others (role modeling) and enhance role clarity by being a mentor or a role-model who youngsters look up to.

In a nutshell and put colloquially, the instructions for a manager who needs to provide role / goal clarity towards his or her employees could be as such: "...give your employee a clear job description with powers related to his / her field and scope of activity, a clear reporting guideline, clear goals for every month and week, a clear time-frame within which goals or targets need to be achieved in, a clearly defined radius of free and non-free decision making possibilities (e.g. how much discount to give to a customer), a calendar-entry of regular reporting and feedback slots, as well as the general message of trust and confidence that your employee will master the tasks successfully".

In sharp contrast, role conflict, which can be seen at the opposite end of the continuum of consideration and role clarity, does not contribute to levels of sales employee satisfaction (Teas, 1983). A sales agent experiencing high levels of role conflict would be acting as a disoriented or even dislocated person without guidance and clear path to stride. Logically, role conflict should be reduced to a minimum when leaders encounter subordinates. In terms of leadership behavior and the FRLM, role conflict is likely to be related to passive avoidant behavior, whereas supervision, consideration or participation carry key-elements of transformational behavior like e.g. inspirational motivation or individualized consideration. In summary, the findings of Teas (1983) and Nemanich et al. (2007) suggest that job satisfaction is related to many more variables than the commonly simplistic thought of high salary – high satisfaction interplay. Furthermore, role-clarity, as a related variable of job satisfaction, appears to be strongly related to the fundament of transformational leadership behaviors.

Transactional leadership, job satisfaction and levels of organizational hierarchy.

Some researchers like Lowe et al. (1996) postulate that the transformational leadership behavior appears more often in higher levels of management due to more chances to envision and build strategies, whereas transactional behavior occurs more frequently in medium to lower level management due to the more operational involvements of the business. In our context of job satisfaction a study by Dubinsky, Yammarino and Jolson (1994) confirm the aforementioned sales-related findings of Teas (1983), in which the closeness of supervision on sales personnel has positive outcomes on work outcomes and job satisfaction when observed at moderate or lower levels of managerial supervision.

The Dubinsky et al. (1994) study of 200 sales employees utilized the Multifactorial Leadership Questionnaire by Bass and Avolio (1989) as well as the Job Diagnostic Survey by Hackman and Oldham (e.g. Hackman & Oldham, 1975; Taber & Taylor, 1990) and revealed that laissez-faire behavior was significantly negatively related to satisfaction with the supervisor ($r = -.36$), commitment ($r = -.18$) and job congruence ($r = -.16$), (p. 231). Furthermore, positive relations to the extra effort (which is related to the augmentation effect and transformational behavior) were not observable in relation to laissez-faire leader behavior ($r = \text{n.s.}$).

Surprisingly, the study of Dubinsky et al. (1994) left out the transformational leadership variables (the four I's) and merely utilized the variables laissez-faire, management-by-exception and transactional-contingent reward. Further findings of the study reveal that management-by-exception was positively related to role-conflict ($r = .15$) and burnout ($r = .16$), suggesting to avoid this kind of (passive avoidant) leadership behavior in sales-environments, as this behavior bears potentially harmful outcomes for

followers and enterprise profitability. In terms of transactional-contingent reward the results of Dubinsky et al. (1994) underline positive relationships between this particular transactional variable and job satisfaction ($r = .30$), satisfaction with supervisor ($r = .64$), commitment ($r = .42$) and the performance variables Job congruence ($r = .25$), effectiveness ($r = .23$) as well as multidimensional performance ($r = .32$).

These findings indicate that transactional behavior has positive influence on selected satisfaction and performance variables in moderate to lower hierarchical settings. Since transformational leadership was not measured / did not evolve as significant variable in the study by Dubinsky et al. (1994), it is not surprising, that neither extra effort (extra effort is related to the augmentation effect and the transformational behavior of the leader) was measured or related to contingent reward, nor were the two objective performance measures which were used in the study ("percent of quota" and "percent of prior year sales", p. 231) related to transformational behavior.

This last finding underlines the empirical conclusion of transformational behavior being needed to utilize or evoke extra effort and objective performance. In addition, the last discovery also suggests that contingent reward might be sufficient to evoke job satisfaction within lower levels of hierarchy. Perhaps a give-and-take approach, which is common for the transactional leader, is ample to achieve levels of high satisfaction within lower level sales-organizations. Dubinsky et al. (1994) pinpoint that hierarchy-levels in organizations might influence whether transformational or transactional behavior is more evident with consequences for satisfaction related outcomes. Based on the predominantly medium to lower levels of sales management I intend to assess in this study, it will be questionable whether a contingent approach will

be more effective than a transformational approach in terms of increasing levels of job satisfaction. On the one hand I approach this methodological topic by utilizing multi-level modeling which allows us to understand to which extent the leadership style, the superior or the culture (country) influences the satisfaction of the employee. On the other hand I intend to follow Dubinsky et al. (1994) in their train of thought that transactional leadership can be successful in moderate to lower hierarchies, since our main focus is precisely the moderate to lower hierarchy level of the insurance sales organization. In addition, no empirical published research on these satisfaction variables in the countries of assessment is aware to the author; I therefore wish to foster the exploratory nature of this dissertation and therefore chose a selection of job satisfaction variables of Spector's (1997) job satisfaction questionnaire, which are rather based on the transactional give-and take approach (payment, promotion, contingent reward) and consequently hypothesize as follows:

Hypothesis 4: Transactional leadership is a positive determinant of job satisfaction-pay whereas passive avoidant behavior is a negative determinant of job satisfaction-pay

Hypothesis 5: Transactional leadership is a positive determinant of job satisfaction-promotion whereas passive avoidant behavior is a negative determinant of job satisfaction-promotion

Hypothesis 6: Transactional leadership is a positive determinant of job satisfaction-contingent reward whereas passive avoidant behavior is a negative determinant of job satisfaction-contingent reward

Job satisfaction measurement and the potential influence of country level.

Having sketched the importance, and having formulated the main leadership-job satisfaction hypotheses of this Eastern European insurance sales study, the next focus of attention is the measurement of job satisfaction within organizations. Job satisfaction has been measured by numerous instruments. Popular instruments are e.g.: The Job Descriptive Index (JDI) by Smith, Kendall and Hulin (1969) which assesses five facets (work, pay, promotion, supervision and coworkers); the Minnesota Satisfaction Questionnaire (MSQ) by Weiss, Dawis, Lofquist and England (1966), which assess up to 20 five-item scales ranging from “ability utilization” to “working conditions”.

Job satisfaction can be measured as a general feeling with one single total score summarizing all satisfaction facets (items) which were assessed. Most of the job satisfaction research is designed this way, and hence generalizes on bigger scale. This leads to the risk of leaving out the significantly important and potential facets of job satisfaction. This study, in contrast, intends to gain detailed insight into the particulars and facets of job satisfaction and therefore chose the approach of Spector (1997) which includes a global measurement (total job satisfaction score) and additional facets (single variables) like Pay (satisfaction with pay and pay raises), Promotion (satisfaction with promotion opportunities), Supervision (satisfaction with the person’s immediate superior), Fringe Benefits (satisfaction with fringe benefits – e.g. bonuses, medical insurance, etc.), Contingent rewards (satisfaction with rewards – not necessarily monetary - given for good performance), Operating procedures (satisfaction with rules and procedures), Coworkers (satisfaction with fellow colleagues and coworkers), Nature of work (satisfaction with the type of work done) and Communication (satisfaction with communication within the organization), (Spector, 1997, p. 4f.).

I will assess the levels of Spector's job satisfaction scale and include the potentially moderating hierarchical levels of interaction between the managers and the insurance sales staff. In addition I will test whether culture in form of country interacts and can contribute to the discussion on transformational leadership and the different variables of job satisfaction in Serbia, Montenegro and Ukraine and therefore question:

Research question 1: To which extent does the country moderate the leadership-job satisfaction dyad?

Culture

Culture - a word which evokes much more thought and concepts today than probably the original Latin term *cultura* once did. In its ancient meaning, the term *cultura* referred to the process of improvement and development, such as e.g. of agricultural plots and terrains which were to be cultivated.

When Googl(e)ing the term “culture” today (2012) a search-result of more than 368 million hits is generated. This rich accumulation of hits related to culture is almost certainly based on the voyage the term culture took from ancient roman times up to the 21st century. Until today the complex term has undergone much application since it has passed the “Age of Enlightenment” (or in French: *le Siècle des lumières*) in Germany (e.g. Kant, Herder) or England (e.g. Tylor, Arnold) during the 18th and 19th century. In those times the term culture was related to a characteristic or property of the human being. In the 20th century more anthropological approaches to culture developed. These approaches range from biological, to archeological, religious or social psychological approximations towards culture.

Ambassadors of cultural anthropology, like Geert Hofstede, streamline their attention towards “the way people think, feel and act” (Hofstede & McCrae, 2004, p. 4), putting more emphasis on the society and the differences between them on a more global scale – a field of research known to us as “cross-cultural research”. The approach to cultures and nations on a global and societal level can be understood when referring to Hofstede’s description of culture. Culture, as defined by Hofstede, is described as “[...] the collective programming of the mind distinguishing the members of one group or category of people from another” (Hofstede & McCrae, 2004, p. 7). Hofstede stresses that the category of people can refer to “nations, regions within or across nations,

ethnicities, religions, occupations, organizations, or the genders (p. 7)”. It appears that Hofstede puts more emphasis on the societal⁵ part and focuses less on the traits or characteristics of the single individual. This point is underlined in Hofstede and McCrae (2004, p. 7), where Hofstede states that “[...] culture is (i) a collective, not individual, attribute; (ii) not directly visible but manifested in behaviors; and (iii) common to some but not all people”. Hofstede et al. (2004) stress, that there is an important difference between measuring national (countries) and organizational cultures (companies, e.g.). National cultures are those of anthropological interest (how nations differ from another on a global level, how they are distinguishably different from another, and how their national values change over time), whereas organizational cultures are those of sociological interest, as the focus here lies on the group and is partially interested in individual differences of the group members.

Since Hofstede’s approach to culture is a challenging and comprehensive construct, I wish to briefly outline and summarize the main theoretical cornerstones of Hofstede’s perception of values and culture, followed by a short overview of Hofstede’s critiques, since his theorem is unique and for some researchers rather unorthodox, as it does not allow comparison on individual levels, and might for some be simplistic (see e.g. Baskerville, 2005; McSweeney, 2002). This section should allow the reader to understand Hofstede’s main train of thought, which led to his theorem of cultural value dimensions, and how other researchers positively and critically approach the theorem today. The next but one section will then link Hofstede’s Cultural Value Dimensions to

⁵ The words society and culture can be regarded as equivalent in Hofstede’s context and my usage in this dissertation

studies utilizing the FRLM followed by studies within the context of Eastern Europe which close the second chapter of this dissertation.

In Hofstede and McCrae (2004), Hofstede approaches the difference between studying individuals and cultures. He underlines that when studying personality, „we compare individuals; in studying culture we compare societies, even if our data have partly been collected from individuals within those societies” (p. 65). Hofstede refers to the high levels of confusion amongst fellow-researchers who often misinterpret this essential differentiation between and the assessment of the individual and cultural level (Hofstede, 1983, 1998, 2002, 2003). The next section’s purpose is to reduce complexity for the reader and intends to clarify Hofstede’s advance towards system of values, dimensions and culture.

Hofstede’s advance towards values and culture.

Hofstede (1981) approaches his concept of culture as follows: Every person in a social system “carries a certain amount of mental programming that is stable over time and causes that person to display more or less the same behavior in similar situations” (p. 15). According to Hofstede, the more we are able to know about the mental programming of a person, the more likely we are able to predict a person’s behavior.

However, the mental programs of a person are not directly observable, unless we direct our attention to the behavior of the individual, or to the words and deeds of a person (Hofstede 1981, p. 15). Hofstede (1981) further refers to the mental programs as constructs; constructs which are “inferable from verbal statements and other behaviors” (p. 16). Constructs help us to understand social systems, since constructs “simplify” (p. 16) but allows assessing the specific mental programs of individuals. Based on a cursory

inventory, which utilizes the scientific realms of anthropology, economics, political science, psychology and sociology, fifty terms were derived by Hofstede and were related to the mental programs of individuals (see Hofstede 1981, p. 16 for the list of terms). Some terms are related to the mental programs of individuals, some to collectives (cultures), and some to both.

Hofstede (1981) distinguishes three levels of uniqueness in mental programs (p. 17): the universal, the collective, and the individual level. The universal level is the most basic level, and is “shared by all, or almost all, mankind”. Hofstede calls this basic level the “biological operating system” (p. 17) including behaviors like weeping, aggression, etc. The second level, the collective level of mental programming, is “shared with some but not all other people” – it is observed in people which belong to a group or category and is “different from the programming of people belonging to other groups or categories” (p. 18). This level includes the language of a group, the way we treat elder people, the way we eat, make love or the way we keep physical distance when standing in line. The third level which Hofstede describes as the individual level refers to the uniqueness of the individual’s mental program – also referred to as individual personality. “No two people are programmed exactly alike” (p. 18), and therefore a “wide range of alternative behaviors within the same collective culture” (p. 18) is displayed on the individual level of human mental programming.

Hofstede (1981) also differentiates which parts of the mental programs are inherited and which are rather related to the social environment: The level which is most likely to be inherited is the biologically-driven, universal level. At this level, human genetics determine the inherited part of mental programming. But genetics, according to Hofstede (1981), do not only play a role at the model’s universal level, but also surface at the individual level – Hofstede (1981) explains that parts of programs are also

inherited at the individual level, which Hofstede relates to his observations of children, since “the differences in capabilities and temperament among children reared in very similar environments” underline a certain level of inheritance (p. 18).

The main attention of the human mental programming model of Hofstede (1981) however lies within the middle level of the construct; the collective level. According to Hofstede (1981) it is at this middle level, where “most or all of our mental programming is learned” (p. 18). We are able to share learnt “with people who went through the same learning processes but do not have the same genes” (p. 18). Hofstede refers to the existence of the American people as a good example which demonstrates a “multitude of genetic roots” and a common “mental programming that is striking to the non-American” (p. 18). In other words, non-Americans are able to spot Americans due to their behavior and not necessarily due to their appearance. It is therefore that Hofstede underlines the importance to explain phenomena as such in a social context and not to reduce these to “something else, like race” (p. 19). The core essence of the collective mind is that “societies, organizations, and groups have ways of conserving and passing on mental programs from generation to generation [...]” (p. 19). This conservation of mental programs, according to Hofstede (1981), does not change easily over time, and is also referred to as the “supposition of continuity” (McSweeney, 2002, p. 98).

Within Hofstede’s cultural theorem (1981) values and culture are two key constructs which play an essential role: Values are an attribute which are shared by individuals and by cultures. Hofstede defines values as “a broad tendency to prefer certain states of affairs over others” (p. 19). For Hofstede (1981) values are in other words enduring beliefs which are programmed early in our lives and are therefore part of the individuals’ mental program.

Values also “determine our subjective definition of rationality” (p. 19), meaning that values are bi-polar (Hofstede, 1981; McSweeney, 2002) and that values are composed of contrasting positions (e.g. individualism vs. collectivism). Values are hence ends, and not means. These value systems need not be in perfect harmony, and may be different for one or the other. Differences in values can best be described by the level of intensity and the level of direction (Hofstede 1981, p. 20). For some people, having a lot of money may be a relevant issue with high importance (intensity), and would be perceived as something good (direction), whereas for others, e.g. a monk of a catholic Christian order which has sworn to live in modesty, money would have low levels of intensity and would possibly be considered as bad (direction).

Aside the intensity and direction values can have, Hofstede (1981) distinguishes between people’s desired values and those values which people think ought to be desired. It can also be described as reality (what people desire) and social desirability (what people think ought to be desired). Hofstede underlines that unlike in Psychology, where e.g. social desirability is seen as “noise in the measurement”, social desirability is “part and parcel of the phenomenon” (p. 21) when studying cultures. Social desirability is hence not a value which needs to be eliminated but rather appreciated in cultural measurement, as it allows understanding what the environment expects from the individuals, groups, and cultures.

Culture according to Hofstede (1981) is a system of collectively held values. It is “[...] the collective programming of the human mind that distinguishes the members of one human group from those of another” (p. 24). Culture can furthermore be defined “[...] as the integrative aggregate of common characteristics that influence a human group’s response to its environment” (p. 24). Hofstede (1981) underlines that culture “determines the identity of a human group in the same way that personality determines

the identity of an individual” (p. 24). Hence, the approach to culture from Hofstede’s perspective occurs on a societal level, and not on the individual level. Hofstede (1981) recognizes the existence of subcultures (Hofstede, 1981). He however believes that even the subcultures finally share the common traits of the culture which they move within, as “[...] subcultures [...] still share common traits that make their members recognizable to foreigners as belonging to their society” (p. 24). A foreigner would e.g. recognize Germans due to cultural values (language e.g.), but would not recognize the difference between Swabians and Lower-Saxons which represent subcultures of the German culture. Swabians and Lower-Saxons would agree on being different to another on many values; however they would still share common traits which would make them feel belonging to the German culture and society, since the majority of societal norms are shared by both subcultures.

Hofstede (1981) furthermore stresses that the societal norms of cultures are resistant to change. This is because change comes mainly from the outside (p. 26). Outside changes are influences of nature and man (e.g. climatic disasters, other forces of nature; forces of man, such as conquest, scientific discovery, etc.) and are able to shift ecological conditions (technological, economic, hygienic), but not societal norms. To change societal norms Hofstede (1981) believes that the cause would need to be of violent, aggressive nature (e.g. war, deportation, etc.) – otherwise societal norms are reluctant to change rapidly.

Finally, Hofstede (1981, p. 27) concludes that “[...] the cultural component [...] is difficult to grasp for people embedded in the same cultural environment; it takes a prolonged stay abroad and mixing with people there to recognize the numerous and often subtle differences in the way they and we behave because that is how our society

has programmed us. It has been said that the last thing a fish will discover is water; it finds out about water only when it has landed in a fisherman's net".

In summary, it is necessary to understand Hofstede's approach to culture as a concept which is related to societal norms and not individual or personality traits. Societies cannot be compared to another "on indices of the individual level" (Hofstede, 2001, p. 16), and cultures are not "king-sized individuals" (Hofstede & McCrae, 2004, p. 65) but are to be seen as a whole.

Hofstede's critiques – a matter of belief, discipline or school?

When approaching the topic of culture within business settings, Hofstede's theorem of Value Dimensions is one of the most cited and used concepts when trying to understand and approach potentially different cultural-business behavior of international business partners (Chapman, 1997). Hofstede's Value Dimensions are therefore not only an academic tool which is used in the environment of university campuses, but a very central concept favored in the "business and management arena" (Chapman, 1997, p. 18). I will base my cultural interpretations on the vast research performed by Hofstede and his associates.

As I wish to offer my reader a holistic picture, I will summarize the most important critiques of Hofstede – it will however not discourage me to utilize Hofstede's cultural theorem for the interpretation of my results. This summary should more or less help understand how other research fellows approach the culture-variable: For some critiques of Hofstede, like Baskerville (2003), McSweeney (2002) or Spector and Cooper (2002), one of the main starting points of doubt is the simplicity of Hofstede's theorem. According to these authors the theorem is a simplification of the complex matter of culture and therefore not accepted by some scientists including

anthropologists and sociologists who see culture as one of the cornerstone research fields (Baskerville 2003). Baskerville (2003) refers to the citations of Hofstede's concept in diverse journal articles; the highest being found in business-related journals (which are considered as less scientific by Baskerville) (712 times), followed by psychological journals (540 times), and lastly journals related to anthropology and sociology (48 times). It is however questionable whether the frequency of citations is enough to devalue or dismiss a theorem which is primarily used in business and psychological environments.

In addition, Hofstede has been criticized for his Value Dimension measuring tool (the so called Value Survey Module 94) due to poor methodological structure (McSweeney, 2002; Spector & Cooper, 2002) as well as for several other issues which I wish to summarize below. Amongst other researchers, Baskerville (2003, 2005) and McSweeney (2002) have criticized the cultural theorem of Hofstede by pointing out, that:

- Surveys are not necessarily the most suitable way to assess and measure culture (Baskerville, 2005, p. 391; McSweeney, 2002, p. 102f.).
- Much of the survey research of Hofstede was not able to be replicated (Baskerville, 2003, McSweeney, 2002).
- The assessment tool of culture (Hofstede's Value Survey Module, also named VSM) shows poor internal consistency, which leads to the conclusion that the scales do not assess a single homogeneous construct (Spector & Cooper, 2002, p. 177).
- Nations are not the best units for studying culture (Baskerville, 2005, p. 391; McSweeney 2002).

- The equation of nations with cultures is one major reason why most anthropologists and sociologists disagree with Hofstede's approach towards culture (Baskerville 2003).
- A study of subsidiaries (IBM subsidiaries which Hofstede used as pool of candidates which were later matched on similarities) of one company cannot provide information about entire national cultures (Baskerville, 2005, p. 391; McSweeney 2002, p. 108).
- The data collected at IBM are old and therefore obsolete (Baskerville, 2003). No second assessment of the same sample was performed, hence the representativeness of deriving cultural dimensions based on such a sample is strongly questioned (McSweeney, 2002, p. 94; Triandis 1982).
- Four to five dimensions to assess culture are not enough (Baskerville 2003).

This summation of critiques on Hofstede's theorem of national culture and its assessment displays an excerpt and cannot claim to be exhaustive – however I wanted to display the potential challenges when utilizing Hofstede's concept and theorem. It probably is a question of belief, discipline or school whether to choose Hofstede's Value Dimensions when intending to assess cultural variables, or whether to opt for other paradigms like the GLOBE study (House et al., 2004) which is able to measure on an individual and societal level – in contrast to Hofstede's model, which measures at the societal meta-level. I chose to utilize Hofstede's theorem, as it is used in cross-cultural psychological research (see e.g. Ardichvili & Kuchinke, 2002) and the tools provided by Hofstede have been translated into numerous foreign language, which promotes the usage in field-study settings.

Despite all critiques, Hofstede did not leave challenges towards his concept of values and cultural dimensions unanswered. As it is however not the primary goal of this dissertation to reminisce the debate between Hofstede and his critiques in detail, a listing of Hofstede's replies towards Baskerville (2003, 2005), McSweeney (2002) and Spector and Cooper (2002) are listed below for the reader who is interested in this debate:

- Hofstede on Baskerville's (2003) critique: refer to Hofstede's "What is culture? A reply to Baskerville", 2003.
- Hofstede on McSweeney's (2002) critique: refer to Hofstede's "Dimension do not exist: A reply to Brendan McSweeney", 2002.
- Hofstede on Spector and Cooper's (2002) critique: refer to Hofstede's "A Reply to the Article by Spector et al. on the Psychometric properties of the Hofstede Values Survey Module 1994", 2002.

Hofstede's cultural value dimensions.

Hofstede derived his approach to culture based on his research at IBM during the 1960's and 1970's. He utilized more than 116.000 surveys within 70 different countries and was able to reduce his findings via factor analysis to four main core values within a four-dimensional value model, which is measured by the Value Survey Model 2008 (short: VSM 08) and allows assessing the cultural values of nations in a survey manner (Hofstede, Minkov, & Vinken, 2008, p. 8-11):

1. Power Distance Index (also abbreviated as PDI), Hofstede et al. (2008, p. 8):
"Power Distance is defined as the extent to which the less powerful members of institutions and organizations within a society expect and accept that power is

distributed unequally”. Large Power Distance societies are characterized by higher levels of centralized authority, autocratic leadership, paternalistic management style, many hierarchical levels, and large number of supervisory staff. Societies supporting higher levels of PDI accept that power has its privileges for some levels of society. Small Power Distance societies are characterized by decentralized authority and decision making responsibility. In small power distance organizations managers and staff prefer a consultative or participative management style and prefer flat organizational structures. The organizations usually operate with small proportions of supervisory staff. A final but common observation in small power distance societies is the lack of acceptance and the continuous questioning of authority which promotes high levels of egalitarianism, suggesting that real performance is valued highly and efforts are considered as honorable.

2. Individualism vs. Collectivism, Hofstede et al. (2008, p. 8): “Individualism (also abbreviated as IDV) is the opposite of Collectivism. Individualism stands for a society in which the ties between individuals are loose: a person is expected to look after himself or herself and his or her immediate family only. Collectivism stands for a society in which people from birth onwards are integrated into strong, cohesive in-groups, which continue to protect them throughout their lifetime in exchange for unquestioning loyalty”. Societies with higher levels of individualism foster contractual relationships that are based on the principles of exchange.

Highly individualistic cultures prefer to calculate profit and loss before engaging in a behavior. They focus on self or at most on close loved ones and are primarily concerned with the relationship between their behaviors and their own needs, interests and own goals. Independence is valued highly in individualistic societies where self-interests are placed above collective interests and confrontations are accepted as a

characteristic trait. Emphasis is put on pleasure, fun and personal enjoyment rather than on social norms and duties, as norms and duties belong to many in-groups that exert little influence on their lives. Individualistic cultures also believe that their beliefs are unique, meaning that it is culturally accepted to express one's own idea(s) and to be rewarded for one's good (or punished for one's bad) idea. In a highly individualistic culture it is accepted to have one "shining star", whereas in highly collectivistic cultures the team, the team-work or the team's idea is put forward. A typical example of a highly individualistic culture are the United States of America, where the "American Dream" belief postulates that anyone, regardless of their background or social status can achieve highest levels of social positions (e.g. the belief that anyone can become the President of the USA independent of what cultural or social background). Highly individualistic societies put more emphasis on loose ties in social settings (meaning not to be too involved into forming social groups), and give precedence to relationships in narrower frameworks (this means focusing on oneself and the closest family members).

In strong contrast, societies with high levels of collectivism behave according to social norms that are designed to maintain social harmony among members of an in-group. Collectivistic societies consider implications of their actions for a wider collective. They share resources and are prepared to sacrifice personal interest for collective interests and favor certain in-groups (e.g. family, friends, members of larger but closed societies, etc.). Collectivistic cultures are very concerned about in-group members and are indifferent or hostile toward out-group members. They emphasize hierarchy (also age and wisdom of a person / group can be seen as a level of upper hierarchy in collectivistic cultures – the elder the person the higher the authority and respect shown towards this person / group) and harmony within group and usually

regulate behavior through group norms. For collectivistic cultures it is important that achievement is based on the desire to work for intrinsic rewards, and build skill to master tasks, giving tasks a special or higher level meaning. Often, individual feelings and emotions are suppressed to grant a harmonious atmosphere. If tasks are accomplished then the team is praised for success (on the other hand criticized) on a collective, team level.

3. Masculinity vs. Femininity, Hofstede et al. (2008, p. 9): “Masculinity (also abbreviated as MAS) is the opposite of Femininity. Masculinity stands for a society in which social gender roles are clearly distinct: Men are supposed to be assertive, tough, and focused on material success; women are supposed to be more modest, tender, and concerned with the quality of life. Femininity stands for a society in which social gender roles overlap: In such feminine societies, both men and women are supposed to be modest, tender, and concerned with the quality of life”.

Masculine cultures are often described as career and success oriented. High focus is placed on the value of mastery (e.g. mastery of job, nature, people, etc.). The gender roles in masculine societies are regarded as conservative. Women in masculine societies e.g., consider the health and wealth as well as the thoughtfulness of their husband as desirable characteristics and mainly see a protector and sponsor in the husband (Hofstede, 1988).

In contrast, feminine cultures are often described as the cultures which appreciate the quality of life. In feminine cultures social gender roles overlap. Both men and women are supposed to be modest, tender and concerned with the quality of life. Emphasis is on non-materialistic aspects of success.

4. Uncertainty Avoidance, Hofstede et al. (2008, p. 9): “Uncertainty Avoidance (also abbreviated as UA) is defined as the extent to which the members of institutions

and organizations within a society feel threatened by uncertain, unknown, ambiguous, or unstructured situations”. Weak UA can be characterized by higher levels of risk taking, a tolerance for differing behaviors and opinions and the attempt to perceive situations as flexible. Usually organizations with weak UA are kept at a relatively low degree of structure and few rules. Promotions in weak UA societies mainly occur due to high performance and merit. In contrast, strong UA societies are characterized by the avoidance of risk and high respect for authorities. Organizations promoting strong UA have clearly delineated structures, many written rules, and standardized procedures. Promotions in such organizations are mostly based on seniority or age. There is general lack of tolerance for deviants and a strong need for consensus with superiors. Since the need for predictability in strong UA cultures is predominant, high levels of planning and organization are perceived as important.

5. Long-term orientation. Independent research of Chinese scholars during the late 1980's enforced a fifth dimension to be integrated into the value model (Hofstede & Bond, 1988) and reflects the Confucian perception of life which propagates life events generally being of long- or short-term nature: Long-term orientation vs. short-term orientation, Hofstede et al. (2008, p. 10): “Long-term orientation (also abbreviated as LTO) is the opposite of Short-term orientation. Long-term orientation stands for a society which fosters virtues oriented towards future rewards, in particular adaptation, perseverance and thrift. Short Term orientation stands for a society which fosters virtues related to the past and present, in particular respect for tradition, preservation of “face”, and fulfilling social obligations”.

Societies with high levels of long-term orientation promote a dynamic and future-oriented mentality. They emphasize persistence (perseverance), and value

relationships which are based upon status (hierarchy) and observing this order. LTO cultures emphasize having a sense of shame and respect of the other. According to Hofstede and Bond (1988) economic growth and higher levels of socio-economic status (SES) is positively associated with long-term oriented societies (longer planning horizons, outlook toward the future, higher chances to build up socially secure standards, etc.).

In contrast, short-term orientation societies are oriented toward present and past. They reflect a relatively static and tradition-oriented mentality. The main focus of short-term oriented cultures is on emphasizing personal steadiness, stability, protecting face, respect for tradition and the reciprocation of greetings, favors and gifts. Short-term societies are according to Hofstede and Bond (1988) negatively associated with economic growth and Socio Economic Status.

The five cultural values were used by Hofstede and fellow-researchers for more than a decade, and were augmented by a new research attitude by Minkov and Hofstede (2011) in 2008 who added two new dimensions “by way of experiment” (Hofstede et al., 2008, p. 3), as the new dimensions “may reveal aspects of national culture not yet covered in the Hofstede dimensions” (p. 3). A main train of thought of adding the two new dimensions was to capture the potential cultural developments which are able to pay tribute to the changes in Eastern Europe and the developments after the fall of the Berlin Wall in 1989. The two new dimensions are also motivated by the research of the World Value Survey by Roland Inglehart (2000), which empirically assesses people’s values and beliefs, their changes over time and their social and political effect. It is one of the largest ongoing scientific projects and follows the societal changes in terms of culture in similar fashion to Hofstede’s definition by observing the changes in values

and personal beliefs. The two new dimensions which were added in Hofstede's Value Survey Module (2008) are Indulgence and Monumentalism:

6. Indulgence vs. Restraint Index, Hofstede et al. (2008, p. 11): "Indulgence stands for a society which allows relatively free gratification of some desires and feelings, especially those that have to do with leisure, merrymaking with friends, spending, consumption and sex". In contrast "restraint", stands for a society which controls such gratification, and where people feel less able to enjoy their lives.

7. Monumentalism vs. self-effacement, Hofstede et al. (2008, p. 11): "Monumentalism stands for a society which rewards people who are, metaphorically speaking, like monuments: proud and unchangeable. In contrast, the opposite pole, "self-effacement", stands for a society which rewards humility, modesty and reservation".

The two latest variables which have been added to Hofstede's Value Survey, i.e. Indulgence and Monumentalism, are under investigation by Hofstede and his associates and will need more time in order to develop a generalized and standardized point of reference on a larger global scale. First evidence however suggests that Eastern European cultures, esp. those of the former Soviet Union score higher on Monumentalism in comparison to the Western world, possibly worshiping their heroes of the past stronger than in the individualistic West.

Other research by Inglehart (2000) has assessed the countries of my interest (at that time of data collection still Former Yugoslavia, and Ukraine) and draws a rather uncertain picture of the former Soviet ruled countries as: "[...] democracy is becoming fairly secure in Central and Eastern Europe but that it hangs by a thread in Russia and most other countries of the former Soviet Union" (p. 227). Furthermore, Inglehart's

results (2000) were able to link human happiness of people to the positive socio-economic development of the particular society, suggesting that people living in better socio-economic surroundings are more likely to be satisfied. My countries of assessment, which are former communist countries, are, according to Inglehart (2000), of poor virtue: “[...] communist rule had huge costs – not only materially, but also in terms of human happiness”, (p. 223).

However, time has developed and it is therefore that I will administer the Value Survey Module (VSM 08) of Hofstede to my subjects in order to assess the values and (job) satisfaction (via Spector) of our sample to understand whether Inglehart’s outlook is to be seen as skeptical as once proclaimed in 2000. There are however strong limitations according to Hofstede in relation to the usage and interpretation of the VSM 08, as the value survey results are:

- Not able to compare individuals, as “[...] the study of national culture dimensions belongs to anthropology; the study of individual personality belongs to psychology. The first is to the second as studying forests is to studying trees. Forests cannot be described with the same dimensions as trees, nor can they be understood as bunches of trees. What should be added to the analysis at the forest level is the interaction between different trees and other plants, animals, organisms and climate factors, together described by the term biotope. In reverse, trees cannot be described with the same dimensions as forests. At best one can ask in what kind of forest this tree would be most likely found, and how well it would do there” (Hofstede, 2008, p. 3f.).
- Not to be confused with personality traits (also: Hofstede & McCrae, 2004)
- Not to be mistaken as a psychological test as it does not measure at the individual level

- Not to be used for comparing organizations or occupations, as these dimensions belong to the field of sociology and not psychology or anthropology

Furthermore, the subjects' scores I will record in my study using the VSM 08 in Serbia, Montenegro and Ukraine should not be compared to the globally standardized scores of Hofstede. This is because Hofstede utilizes "[...] comparisons of countries that are based on matched samples of respondents: people who are similar on all criteria other than nationality that could systematically affect the answers. The scores in the Hofstede books were based on mutually matched IBM subsidiary populations. A new sample, to be comparable, should be a match for the original IBM populations on all relevant criteria. Such a match is virtually impossible to make [...]", (Hofstede et al., 2008, p. 6). In summary, the concept only allows a comparison on national level, not on individual base - it more or less allows perceiving what leadership style a national society may foster and may generally accept as worthwhile.

Due to the poor research in the countries of assessment and the reserved outlook of Inglehart (2000) of the post-Soviet territories I am interested to utilize Hofstede's VSM 08 upon our sample in Serbia, Montenegro and Ukraine in order to receive a socio-cultural overview of what values our specific sample will represent. I will furthermore add a country-variable in our statistical analysis to see country differences between the samples which are not assessed by the methodology of the VSM 08 per se and consequently question:

Research question 2: Which cultural values and dimensions will our sample in Serbia, Montenegro and Ukraine reveal? Do Hofstede's Cultural Values and Dimensions help us understand our samples better?

Having outlined the main theorem of Hofstede's cultural values my next interest is to review selected transformational literature in relation to the cultural values of Hofstede, ideally in Eastern Europe, and in its best case within an insurance sales environment. I therefore ask how leadership, especially transformational leadership, interacts in different socio-cultures. Can the concept of transformational leadership be replicated in the European East? Which cross-cultural studies can reveal links between Hofstede's value dimensions and transformational leadership?

Hofstede's value dimensions and transformational leadership: Can cultural values and leadership be addressed universally? What do existing Studies reveal?

Not surprisingly, the literature is exceptionally scarce when looking for academically published research which examines potential causalities between both concepts of transformational leadership and cultural values in Eastern Europe. It seems that no literature has assessed the potential dyad of transformational leadership and Hofstede's value concept in Serbia, Montenegro or Ukraine. I consequently cannot draw any conclusion based on any kind of point of reference. However, several cross-cultural management studies exist which have tried to prove the universality of leadership and observed that managers in different countries are able to vary in their management styles and behaviors within the framework of the culture that surrounds them (see e.g.: Elenkov & Petkova-Gourbalova, 2008; Ergeneli, Gohar, & Temirbekova, 2007; Muenjohn & Armstrong, 2007). This finding supports the thesis of researchers like Dorfman (1996) who believe that we are able to adjust to our socio-cultural surroundings and adapt our leadership style and behavior according to our immediate settings. Dorfman calls this developing a "prototypical leadership behavior", as we are able to understand our environment, and are able to influence and change these

environments with our adapted “prototypical” leadership style. We are therefore able to move within the given traditional or modern frameworks which surround us.

Boehnke et al. (2003) support that leadership as such appears to be a universal phenomenon which can be practiced globally depending on the environment surrounding us. In their study within the field of petro-chemical companies on executives from America, Northern Europe, Southern Europe, Latin America, the Far East, and the Commonwealth, Boehnke et al. (2003) found main elements of transformational leadership behavior, (e.g. being able to give vision to an idea) to be used universally, however, always adapted and tailored to the particular national surrounding. Another finding of the Boehnke et al. (2003) study was related to the augmentation effect which was evident in all countries and cultures, again suggesting that the transformational behavior of leaders is effective on a universal level (p. 14). Bass (1990) lifts the discussion of the universality of leadership within cultures to an even higher meta-level and goes so far to conclude that “leadership is a universal phenomenon in humans” (p. 4).

If leadership is practiced universally (Bass, 1998) and if the context matters within which leadership is performed, then Hofstede’s cultural values might be able to significantly interact with the concept of transformational leadership. The most cited research findings which are able to link cultural-value studies with leadership outcomes are found between the dimensions of collectivism / individualism and leadership as well as power distance and leadership (Dastoor, Suwannachin, & Golding, 2003; Muenjohn & Armstrong, 2007). Other dimensions are often discussed controversially showing poor universal validity:

Collectivism and transformational leadership.

Studies questioning the relation between collectivism and transformational leadership like those of by Shane, Venkataraman, and MacMillan (1995), or Jung, Bass and Sosik (1995) discovered that transformational leadership is more effective in collectivistic cultures than in individualistic cultures and has positive effects on commitment and job satisfaction in the banking and finance world of collectivistic emerging markets (Walumbwa & Lawler, 2003; Walumbwa, Wang, & Lawler, 2003). The reason was found in the respect for authority and obedience which are strong characteristics of collectivist cultures. Followers were easily won in terms of following a vision and mission and were able to place personal interest behind the collective chance for success.

A further explanation of transformational leadership being more effective in collectivistic cultures is based on the four I's of the transformational leadership paradigm. Idealized influence, inspirational motivation, intellectual stimulation as well as individual consideration are effectively practiced when in team-settings / team-meetings (e.g. team-vision talks, team-achievement and goal-orientation talk, coaching sessions between superior and employees, or else). It appears that a "personal touch" between superiors and employees (teams) is fostered more often and appreciated within collectivistic societies. In collectivist cultures supervisors furthermore appreciate the co-workers advice before taking action and tend to utilize the transformational four I's more frequently in order to handle events successfully, while managers in high individualism countries tend to rely on their own experience and their training expertise.

Jung et al. (1995) flank this finding, as they find that transformational leadership emerges best when collectivistic cultures take advantage of transformational consultative behavior. The finding, that collectivistic cultures foster a higher level of

consultation, has also been supported by Jung and Avolio (1999) who showed that collectivistic-oriented staff is able to generate more creative ideas when being managed by a transformational leader when compared to individualistic-staff. It hence appears that collectivism goes hand in hand with the high levels of transformational (communicative) interaction, and has positive as well as creative outcomes for the employee and the superior.

Bass (2008) comments on the greater success and effect of follower outcomes in collectivistic cultures in respect to transformational leadership, since “[...] individuals more readily identify with a group, share responsibility for goal attainment, try to maintain a harmonious group, and emphasize mutual interdependence in organizations. These behaviors are consistent with what a transformational [...] leader tries to accomplish” (p. 1039).

In contrast to the findings outlined in relation to the collectivism- TFL dyad within the last section, contradicting research findings by Gerstner and Day (1994), Hofstede (1988), or Offermann and Hellman (1997) suggest that the effective leadership style in collectivistic settings is generally more transactional and autocratic than transformational participative. The high levels of obedience and conformity of collectivistic societies is suggested to exhibit more openness towards a clear give-and take leadership style, which is primarily performed by transactional leaders. However, these results are not supported by Bass (2008) who claims that “Transactional leadership has many elements that fit better with an individualistic society. Rather than endorsement of shared purposes and identification with group goals, leaders and subordinates are motivated by personal goals. Individual initiatives and self-interest are more important” (p. 1040).

Power distance and transformational leadership.

In respect to power distance, Smith et al. (1994) found that managers in high power distance countries report greater use of rules and procedures than managers from low power distance countries. High power distance correlates negatively with leader communication and individualized consideration which in addition has negative secondary effects on employee satisfaction (Offermann & Hellmann, 1997). It therefore appears that the usage of high power fosters transactional leadership (or even passive avoidant behavior) and therefore promotes less involvement of employees. In contrast, low power distance allows communication to take place, allows room for alternate thought and promotes the chances of mobilizing the four transformational I's.

In sales driven settings, where well-functioning supervision and communication between the manager (unit-leader e.g.) and the sales employee is crucial for success, power distance levels should be of low nature in order to allow a trustworthy basis to develop between superior and employee. Lower levels of power distance would allow more room for the weekly sales coaching talks, the open minded ability to voice one's opinion or similar. It therefore seems beneficial if sales organizations utilize a climate with low power levels.

Uncertainty avoidance and transformational leadership.

Cultures with higher levels of uncertainty avoidance are usually cultures which accept high levels of control and regulation. These cultures try to minimize the uncertain by planning exhaustively, by organizing into last detail, and developing rules and laws which people can rely on. In terms of leadership, research has shown (Offermann & Hellmann, 1997) that when leadership control is high, it is related to low trust towards the employees, low levels of delegation and a general level of mistrust

which is in favor of high uncertainty avoidance levels. Offermann and Hellmann (1997) were able to relate high levels of uncertainty avoidance to poor levels of delegation and leader approachability and are supported by Jung et al. (1995), who found that high uncertainty avoidance cultures may require more transaction-based leadership while low uncertainty avoidance cultures will tolerate more innovative and transformational leadership behavior. These findings suggest that cultures with low need for control and high levels of trust would foster transformational behavior (Shane et al., 1995) whereas high uncertainty potentially promotes non-transformational behavior.

Masculinity and transformational leadership.

The aforementioned results support the notion that the dimensions of high collectivism, low power distance and low uncertainty avoidance are potential facilitators of higher levels of transformational leadership. The question arising from this finding is whether transformational is triggered more effectively when in a feminine or masculine cultural dimension.

According to Bass, Avolio and Atwater (1996) femininity is generally closer related to transformational behavior than masculinity due to the higher levels of communication and interest in the other person allowing the four transformational I's to be utilized. Jandt (2006) puts it differently: Feminine cultures are those which "permit more overlapping social roles [...] and place high value on [...] interpersonal relationships and (stress) concern for the weak" (p. 171). A feminine environment therefore allows a better utilization of the four transformational I's, since the transformational approach itself is of high femininity. Feminine attributes like high levels of communication, consideration, motivation or low aggressiveness are

cornerstones of transformational behavior (Jandt, 2006). Hence, utilizing high levels of masculinity might not be as effective as high levels of femininity when intending to place transformational key messages towards staff or others.

According to critiques of Hofstede, the summarized results have to be taken with a pinch of salt, as many studies which tried to measure Hofstede's cultural dimensions against the leadership theorem of Bass are "limited", "conceptual" and often not successful (Muenjohn & Armstrong, 2007, p. 269), meaning that fellow-researchers did not match their samples, falsely drawing conclusions by comparing cultural values and individuals or were led to generalizations based on other methodological shortcomings (Dickson, Den Hartog, & Mitchelson (2003); Dorfman (1996).

However, Hofstede and his associates are on a mission to assess all cultural societies and develop standardized matched norms for each country in today's fast paced world. Hofstede is publishing numerous Cultural Questionnaires and Value Survey Modules in countless native languages in order to generate socio-cultural benchmarks. Benchmarks which can then be compared with models like e.g. Bass' model of the Full Range Leadership Model (2002). It is therefore that I have chosen the Value Survey Module by Hofstede (2008), as it will allow insight into the cultural dimensions of the three specific insurance samples in Serbia, Montenegro and Ukraine.

In summary, there is some, if not too strong, evidence that Hofstede's cultural values can be measured against the Full Range Leadership Model by Bass and Avolio (2004). Transformational leadership appears to be more effective in socio-cultural settings which are high in collectivism, low in power distance, low in uncertainty avoidance and low in masculinity. Research questions 1 and 2 will be dedicated to interpret the potential relationships between transformational leadership style, the Full Range Leadership Model (Bass, 2002) and Hofstede's Cultural Values (2008).

Transformational leadership and cultural values in the context of Eastern Europe's business environment.

This next section is dedicated to the little research which has been performed in Eastern Europe in relation to Hofstede's value dimensions and Bass' leadership model. The studies do not exactly assess the countries of our research but they are at least regionally close and this finding alone can be considered as a call to increase cultural leadership research in Eastern Europe.

Western research delivered by Bass (1998) and Spector (1997) reminds us, that transformational leadership is highly correlated with effectiveness, satisfaction and superior performance. Transformational leadership also functions as a tool and mechanism to alleviate a company's and person's potential performance in the short and long run, if utilized properly. Based on the assumption, that foreign Western companies entering the markets in transition usually expect quick growth, cost optimization and high levels of profit, these companies would call for their managers to predominantly use transformational leadership styles, since transformational leadership is linked to performance (e.g. Geyer & Steyrer, 1988; Judge & Piccolo, 2004).

But is this expectation realistic and justified in Eastern European environments? Western and Eastern labor environments are different; Holt, Ralston, and Terpstra (1994) as well as Elenkov (1997) pinpoint that in contrast to the West, Southern Eastern European companies have focused, first, on technical and mostly transactional aspects of their businesses, e.g. how to produce a product quickly, how to survive a start-up and how to then eventually make quick rather than long-lasting profit. This reflects a rather transactional, give-and-take approach.

Many however have now realized that the technical, transactional standpoint is not enough to endure. New focus is put on the humane side of business, including culturally-sensitive leadership approaches targeting transformational long-term business success (see Geyer & Steyrer, 1988). A long-term approach to profitable business success is needed to keep the production healthy and upright: This is new to many entrepreneurs in Eastern Europe as the profit-driven company is an invention of capitalism. As a result many Eastern European companies employ foreigners to run their companies in a profit-oriented, capitalistic manner. Other scenarios include Western tycoons purchasing majorities in Eastern European companies. This is not unusual, but as soon as goals are set and the people begin interacting, the dimensions of culture and leadership style cut across each other. Sensitivity mounts and the managers need to not only behave culturally appropriate but also need to be effective in their actions and communication in order to deliver quick wins and profitable results. It is precisely because of these antagonisms (cultural sensitivity vs. pressure driven sales goals) which ask for high leadership skill in the emerging markets of Eastern Europe (Dunbar & Bird, 1993). In practice these antagonistic dimensions of cultural sensitivity and pressure-driven, goal oriented behavior often clash due to wrong expectations, misunderstandings, and faulty communication between Western management and Eastern European management / staff (Mitry & Bradley, 1999). It appears that there are potential differences in communication, understanding and perception when Western managers enter the labor markets of Eastern Europe (Holt, Ralston, & Terpstra, 1994).

A study revealing the differences of the Western and Eastern European labor environment is the comprehensive cross-cultural comparison of Ardichvili and Kuchinke (2002) on companies in four countries of the former Soviet Union (Russia, Georgia, Kazakhstan and Kyrgyzstan), Germany and the US (n = 4.065). The results

(see Figure 5) have confirmed that, although management by exception and laissez-faire behaviors were less prevalent than contingent reward leadership in all four countries of the former USSR (Russia $\bar{x} = 2.23^6$, 1.69⁷; Georgia $\bar{x} = 2.35$, 1.55; Kazakhstan $\bar{x} = 2.42$, 0.86; Kyrgyzstan $\bar{x} = 2.22$, 1.65), they were still associated with higher scores if compared to the US ($\bar{x} = 1.47$, 0.95) or Germany ($\bar{x} = 1.48$, 0.99) scores reported by Avolio et al. (1995). This indicates that Eastern European management can differ in detail and still be productive using less transformational behavior in contrast to Western research opinion, which primarily tries to link highest performance levels to transformational leadership.

Dimension	Cronbach α	Russia		Georgia		Kazakhstan		Kyrgyzstan		US		Germany	
		M	SD	M	SD	M	SD	M	SD	M	SD	M	SD
CHA	.80	2.30	0.69	2.80	0.63	2.64	0.69	2.39	0.75	2.39	0.98	2.18	0.79
MOT	.78	2.56	0.83	3.12	0.72	2.74	0.79	2.73	0.84	2.67	1.02	2.27	0.85
STM	.78	2.42	0.86	2.86	0.79	2.85	0.78	2.62	0.91	2.23	0.97	2.34	0.79
CON	.79	2.28	0.97	2.91	0.87	2.79	0.91	2.46	1.02	2.11	1.06	2.18	0.92
REW	.72	2.78	0.69	3.02	0.77	2.88	0.78	2.67	0.86	2.24	1.04	2.23	0.90
MBE	.67	2.23	0.44	2.35	0.62	2.42	0.62	2.22	0.61	1.47	0.71	1.48	0.54
LFE	.72	1.69	0.81	1.55	0.88	1.68	0.86	1.65	0.82	0.95	0.94	0.99	0.79
PDI	.77	-33.70	49.04	-36.70	49.78	-23.25	43.20	-25.90	46.33	29.05	46.69	35.25	47.19
IND	.82	62.25	63.34	43.70	57.28	58.20	56.93	59.45	53.22	77.85	42.46	52.60	50.12
MAS	.53	101.30	95.55	149.80	119.71	99.00	102.33	108.90	108.56	12.80	91.13	-20.50	91.11
LTO	.81	83.55	55.90	70.65	61.27	61.15	46.49	60.40	45.33	43.70	43.51	44.00	43.51

Key

leadership dimensions: CHA = charisma, MOT = inspirational motivation, STM = intellectual stimulation, CON = individual consideration, REW = contingent reward, MBE = management by exception, LFE = *laissez-faire*; cultural dimensions: PDI = power distance, IND = individualism, MAS = masculinity, LTO = long-term orientation.

Figure 5. Reliabilities, means, and standard deviations of leadership and culture dimensions (N = 4.065) according to Ardichvili and Kuchinke (2002, p. 109).

⁶ First value stands for the Management by Exception averaged value (see Figure 5)

⁷ Second value stands for the Laissez-Faire averaged value (see Figure 5)

In other words; it is possible that MBE and LF behavior might not be seen as negatively in countries of the former Soviet Union compared to the Western world, and MBE and LF may still lead to higher performance levels in the East than in control groups of Western research. The cultural-value dimensions of Hofstede which were also addressed in Ardichvili and Kuchinke's study failed to show predominantly significant correlation between cultural dimensions and the Full Range Leadership variables. Ardichvili and Kuchinke refer to "other factors which could have stronger effects than the socio-cultural dimensions", and "[...] second, the five dimensions [...] may not cover the whole universe of socio-cultural dimensions relevant to leadership" (p. 113). Possibly the dimensions proposed by Hofstede are too multidimensional "consisting of more than one component" which would call for splitting the socio-dimensions into "separate continua". The authors finalize their discussion of the poor relationship between socio-cultural dimensions and leadership by underlining that other levels like "[...] organizational, industry, and professional cultures could be playing more important roles in shaping leadership behavior than country-level culture" (p. 114). In addition to Ardichvili and Kuchinke (2002) the research by Holt et al. (1994) amplifies the need for approaching the cultural differences by their comment on the differences between the Western and the Eastern European cultures as "[...] the assumption for universality of Western values may not be supported in Eastern Europe" (Elenkov et al., 1998, p. 196).

Retrospectively, the examples discussed underline the complexity of cultural studies and ask for further research in order to develop further insight on how leadership works in cultures and societies. The domination of Western research does not allow generalizing for cultures which have undergone much political and sociological change. I intend to contribute to a reduction of this research dilemma by assessing culture in a

multi-level and multi-dimensional way. I comply with the call for complexity in cultural leadership research (Dickson et al., 2003; Dorfman, 1996) by assessing all variables in our context in a multi-variate manner.

Chapter 3

Summary of Hypotheses and Research Questions

To sum up the hypotheses and the research questions of this dissertation, I herein investigate the role of transformational leadership perceived by insurance sales employees and the potentially mediating effect that transformational leadership behavior has on performance and job satisfaction. All variables will additionally be assessed on country (cultural) level by means of statistical multi-level-method: I intend to utilize the Full Range Leadership Model in order to appraise the potential link between transformational leadership and subordinate performance (Hypothesis 1). In addition to performance, I will investigate whether job satisfaction is mediated by transformational leadership (Hypothesis 2) and job satisfaction-supervision (Hypothesis 3). My research is performed within the field of insurance sales, which is often related to a give-and-take manner and transactional behavior. Certain shades of job satisfaction are therefore possibly mediated by transactional leadership behavior, such as job satisfaction-pay, job satisfaction-promotion or job satisfaction-contingent reward (Hypotheses 4-6). Since the assessment of leadership, functioning as a potential mediator on job satisfaction, takes place in three Eastern European countries, I intend to understand the possible differences between these nations and utilize statistical MLM-modeling in order to approach this question (Research question 1). Possibly the cultural variable can contribute to a differentiated interpretation of our results. I hence measure the cultural value dimensions of the samples, based on Hofstede's model, in order to achieve an understanding within which dimensions of cultural value the samples and results fall into (Research question 2) and whether transformational leadership behavior can e.g. evolve better in a more feminine socio-cultural environment as proposed by Bass et al. (1996) and Jandt (2006); (Research question 2).

Estimated Achievements of this Dissertation

The achievements of this dissertation are manifold and of pioneering character. I intend to shed light on countries which have been scientifically neglected during the last decades of socialism and the post-period of the fall of the Eastern Bloc. Psychological research in Eastern Europe is infrequently published in Western journals. As a consequence, the universities in Eastern Europe therefore miss out being able to increase Western levels of academic attention. I furthermore wish to increase the level of attention and create a first benchmark for fellow researchers who are interested in leadership research within Central and South Eastern Europe. Since I wish to assess potentially interrelated variables like transformational leadership and the Full Range Leadership Model by Bass and Avolio (2004), sales performance, employee job satisfaction (and nine further sub-variables) as well as the impact of culture (country) my goal is to contribute to the call for complexity of design and the call for interrelated empirical research (Ogbonna & Harris, 2000). In addition I will make use of latest statistical methods (Multi Level Modeling, Bliese 2000) which allows me to assess our potentially interrelated variables in more depth than with ordinary regression methodology. Being able to explain variance on different levels (employee, superior and country) is a valuable asset of this cross-national study and should allow me to interpret coherent associations between the constructs measured. The participants all being of non-campus origin, but of original insurance sales nature, adds value to my research, as my results are collected in a truly field-research manner. The authenticity of my sample allows us not to simply analyze and compare between cultures, but enables me to develop practical and operational suggestions in order to improve leadership style, productivity, behavior and job satisfaction. I strongly intend to focus on the applied

nature of the research outcomes in order to give feedback to more than 580 subjects who participated in this study. My implications and suggestions will address not only sales managers and their employees but also the top level management of insurance companies, as well as HR managers who are all drivers of change management and change processes. However, without the strong support of the top management's (transformational) leadership, recommended and applied suggestions of my findings will not be fruitful. The discoveries of this dissertation are supposed to enable HR managers as well as other managerial staff to be sensitized on the topics of transformational leadership, the potential of job satisfaction within sales-settings and the cultural variable.

Chapter 4

Methodology

In this section I wish to briefly introduce and review the tools of assessment used in our assessment of transformational leadership, sales performance, employee job satisfaction, and cultural value dimensions. For more concrete details of the sample of participants, please refer to the section “Method”, as I embedded the samples’ statistical data into one comprehensive unit (p.107). Note: Minor redundancies cannot be avoided, since the description of the tools is taken up once again within the Method-section.

Assessment Tools (Copyrights)

All tools of assessment were chosen in order to assess the variables of our research interest. All owners were contacted personally and asked for permission of usage (copyrights). All permissions were granted - official correspondence exists and may be requested.

Multifactor Leadership Questionnaire (MLQ)

In order to assess transformational leadership and the variables of the Full Range Leadership Model by Bass and Avolio (2004) we utilized the 36-item Multifactorial Leadership Questionnaire (MLQ) Form 5x-Short (Bass & Avolio, 1995), in validated Serbo-Croatian and Russian versions which were purchased from Mindgarden, Inc. (2010). Pilot tests confirmed the usability of the translated questionnaires and were digitalized into the questionnaire tool offered by SurveyMonkey.com.

I decided to choose the MLQ 5x due to its frequency in usage (Antonakis, Avolio, & Sivasubramaniam, 2003; Kirkbride, 2006) and the strong positive correlations between all components of transformational leadership and performance (Lowe et al., 1996). In addition, the attractiveness of using the MLQ is based on the

“[...] effectiveness of transformational leadership and its positive relation to desirable organizational variables, as for example satisfaction, is confirmed throughout the literature” (Heinitz, 2006, p. 3). Antonakis et al. (2003) reviewed the contexts of within which leadership is measured as well as the levels of reliability and validity and found strong evidence for the nine-factor MLQ-model, arguing that the “[...] nine-factor model best represented the factor structure underlying the MLQ (Form 5x) instrument [...]” which further suggests that “[...] the MLQ (Form 5x) can be used to represent the full-range model of leadership and its underlying theory” (p. 283). However, Antonakis et al. (2003) stress the importance of within which context leadership is measured in. In their study, contextual variables or “moderator variables” (p. 267) such as environmental risk, leader-hierarchical level and leader-follower gender were able to “moderate interfactor relations” (p. 284). This suggests that leadership cannot be regarded as an isolated element but needs to be put into context. In some environments, here e.g. culture could be taken as a moderator variable, certain leadership styles may not be as accepted and effective as in other environments – this according to Antonakis et al. (2003) always depends on the context. For example, in high power distance cultures, flexible, understanding and soft-spoken manager skills will not be as accepted as in cultures of low power distance.

Other reviews of the MLQ comment on the four transformational factors (the four I's) which are often highly intercorrelated. Some researchers therefore argue that the four transformational I's rather represent a single transformational variable, rather than four individual ones (see e.g. Heinitz, 2006; Yammarino & Dubinsky, 1994). Research by Muenjohn and Armstrong (2008) however provided strong support for the nine (separate) variables of the MLQ and were able to prove “reasonable fitness” of the

nine factor model ($\chi^2 = 540.18$; AGFI⁸ = .78) which they managed to confirm via confirmatory factor analysis (CFA), emphasizing the strengths of the MLQ in assessing leadership levels.

Critics of the MLQ (e.g. Den Hartog et al., 1997) find a need of improvement on the passive-transactional level due to the blurred difference between management-by-exception (passive) and laissez-faire factors. The research of Den Hartog et al. (1997) suggests re-assessing the underlying structure of the passive-transactional variables of the MLQ due to low reliability. In a later study, including research findings of the GLOBE study, Den Hartog et al. (1999) generally criticized the overall MLQ-factor structure (Den Hartog, House, Hanges, Ruiz-Quintanilla, & Dorfman, 1999), as Den Hartog et al. (1999) were not able to replicate the factor structure once reported by Bass, Avolio, and Jung in their study dated 1997. One of the reasons of resulting poor factor structure is due to the high levels of intercorellations between the four I's and between transformational variables and CR (Avolio, Bass, & Jung, 1999).

Despite all criticism of MLQ model, the study by Antonakis et al. (2003) utilized more than 10.000 subjects strengthening the nine-factor model of the MLQ and full range leadership theorem. I therefore chose to perform our research utilizing the MLQ 5x by Bass and Avolio (2004).

Job Satisfaction Survey (JSS)

In order to assess Job Satisfaction I utilized Spector's job satisfaction survey (1997) which consists of a 36-item scale measuring more than nine different facets (pay promotion, supervision, fringe benefits, contingent rewards, operating procedures,

⁸ AGFI: Adjusted goodness of fit index

coworkers, nature of work, communication, and total job satisfaction) on a scale from 1 to 6. All 36-items were translated and back-translated into Russian and Serbo-Croatian language and passed our pilot testing phase with selected employees.

A reason to choose Spector's JSS is related to the promising (international) reliability scores for his nine facets of employee work satisfaction. The US based data of Spector was compared with a Turkish version of Spector's JSS and revealed very similar values suggesting high levels of reliability: Cronbach Alphas for the total test-retest reliability job satisfaction scored at .71 in the US and .83 in Turkey (Yelboga, 2009). Further analysis on the internal consistency of Spector's JSS based on US data from 2007 and Turkish data derived in 2009 revealed Cronbach Alpha values of .91 (US) and .78 (Turkey) on total job satisfaction. These promising results motivated me to be the first to translate and test the reliability of Spector's JSS in Serbia, Montenegro and Ukraine - in order to assess the nine different levels of employee work satisfaction.

Hofstede's Value Survey Model (VSM 08)

Hofstede's (Hofstede et al., 2008) Values Survey Module 2008 (VSM 08) consists of a questionnaire comprising 34-items. It was developed for comparing culturally influenced values and perceptions of similar respondents from at least two or more countries. The questionnaire can also be assessed in regions within countries. Seven dimensions of national culture can be calculated, based on 28 content (value dimensions) questions. The remaining six questions ask for demographic information such as the gender, age, level of education, kind of job, present nationality, and nationality at birth of the participant. As outlined in the section "Hofstede's Cultural Value Dimensions" (p. 77), the Value Survey Model is to measure societies (cultures) and not individuals or personality traits. Neither can it measure organizations or occupations. Furthermore, published scores of Hofstede's country cultural value

dimensions cannot be compared to collected scores in our study, since Hofstede's results are based on matched samples of respondents. The samples in my research were not matched as this would require people who are similar on all measured criteria except for the nationality. My results can be rather seen as a socio-cultural score of our particular group of participants in Serbia, Montenegro and Ukraine, which give us an idea in which kind of cultural dimension our measurement took place.

I chose the available Russian and Serbo-Croatian VSM08 questionnaires and pilot tested these with a selected group of participants for conclusiveness. The groups confirmed the usability of the translated questionnaires and were then, after slight modifications, digitalized into the questionnaire tool offered by Surveymonkey.com.

Social Desirability Scale (SDS)

In order to reduce the risk of answering in a socially desirable fashion I decided to use Stoeber's SD-17 Social Desirability Scale (1999) which was originally based on a former scale developed by Crowne-Marlow in the 1960's. I decided to implement this scale as levels of answering desirably tend to elevate when superior's are asked about their own performance. Additionally, the countries of Eastern Europe usually score high on power distance and low on individualism (Hofstede, 2010) which suggests that several employees, when assessing their superior, might wish to answer socially desirable. Note: It appears that I am the first to translate Stoeber's scale into Russian, and Serbo-Croatian language.

Sales Performance Measure

I was provided access to the insurance companies' sales statistics and was able to retrieve the following data in order to measure sales performance on individual level between Q4/2009 and Q4/2010:

- Premium target of each salesperson
- Number of contracts sold by each salesperson
- The increase in number of contracts per salesperson
- The goal achievement in percentage and premium volume of each salesperson

The entire data collection was recorded tracked and finalized on December 31st 2010. The figures allowed me to compare the 4th quarter of 2009 and 2010. Therefore, these employees were employed in the company for at least one year in all three companies we assessed. This seemed important to me in terms of cross-national comparability. Furthermore, all three insurance companies had very similar gross-growth goals (Serbia +21%, Montenegro +28% and Ukraine +22%), which additionally reduces bias in measurement and enhances comparability. I also compared the products the salespeople were able to sell; all products were of the same nature (Life and Non Life insurances) and had similar marketing backgrounds (appearance, customer-message, etc.), leaving little room for bias.

Method

Sample.

I collected responses from an international insurance company which employs people in several countries of Eastern Europe. The total sample size consisted of 568 persons from three countries: Serbia (42.4%), Montenegro (11.1%), and Ukraine (46.5%). The total sample consisted of 424 (74.6%) sales-employees without superior function and 144 (25.4%) sales-leaders with superior function. The ratio of leaders and employees was statistically the same in all countries ($\chi^2(df=2; N = 568)=1.335$; n.s.). Regarding the age of participants, eight age categories were defined of which the median was five (35-39 years). I found significant differences in the age group according to countries ($\chi^2(df = 2; N = 568) = 61.928$; $p < .001$), Ukrainians being youngest, followed by Montenegrins and Serbians which represented the oldest part of the sample. 42.1% of respondents were male in the total sample. There was a significant country difference ($\chi^2(df = 2; N = 568) = 10.966$; $p=.004$); in Ukraine, females were at greater number than in the two other countries, which did not have significant difference between them. As the lowest age group consisted of only one person, it was aggregated to the next one (20-24 years), and the statistical analyses were conducted using this category (18-24 years).

To measure the level of participants' education nine categories were specified. The median was 12 years. I detected significant differences in education according to countries ($\chi^2(df = 2; N = 568) = 278.825$; $p < .001$), Ukrainians being overall less educated (in years) than Serbians and Montenegrins (with no difference between the two latter). All the sample statistics are presented in Table 1.

Table 1

Sample statistics

	N	% of N	% female	% employee
Total sample	568	100.0	42.1	74.6
Country				
Serbia	241	42.4	50.2	73.9
Montenegro	63	11.1	58.7	69.8
Ukraine	264	46.5	64.8	76.5
Age (years)				
≤20	1	0.2	100.0	0.0
20-24	59	10.4	64.4	100.0
25-29	132	23.2	65.9	82.6
30-34	84	14.8	53.6	71.4
35-39	86	15.1	61.6	60.5
40-49	123	21.7	50.4	69.1
50-59	74	13.0	54.1	71.6
≥60	9	1.6	33.3	66.7
Education (in years)				
≤10	111	19.5	67.6	69.4
11	136	23.9	67.6	84.6
12	90	15.8	50.0	81.1

13	19	3.3	57.9	78.9
14	43	7.6	58.1	81.4
15	50	8.8	50.0	74.0
16	64	11.3	48.4	68.8
17	31	5.5	51.6	61.3
≥18	24	4.2	37.5	37.5

Measures.

Leadership. The full range of leadership behaviors was measured using the 36-item Multifactorial Leadership Questionnaire (MLQ) Form 5 x-Short (Bass & Avolio, 1995), in validated Serbo-Croatian and Russian versions which were purchased from Mindgarden, Inc. The scoring items of the MLQ questionnaire range from 1 (not at all) to 5 (frequently, if not always).

Job Satisfaction (JSS) was measured using the 36-item Job Satisfaction Scale by Spector (1997) which captures nine facets such as pay promotion, supervision, fringe benefits, contingent rewards, operating procedures, coworkers, nature of work, communication, and total job satisfaction. These items were rated from 1 (disagree very much) to 6 (agree very much). All 36-items were translated and back-translated into Russian and Serbo-Croatian language.

Performance was measured by using sales-controlling data which was obtained from the insurance company's local subsidiaries and the international headquarters. The acquired sales performance data were both of absolute and relative nature. Because of previous literature findings and suggestions on how to measure sales performance best (e.g., Humphreys, 2002; MacKenzie, Podsakoff & Rich, 2001; Russ, McNeilly, &

Comer, 2001), I decided to use relative data for every sales-employee individually, which compared the fourth quarter of 2010 to the previous year's fourth quarter performance in 2009. As a record I tracked the number of contracts, fulfillment of monetary aim and premium earned. Performance goals were set by the insurance company based on their past sales development and economic situation. All three companies defined their sales goals with net-growth above 15% year over year and are therefore mutually comparable. Furthermore, the ownership structure of the subsidiaries was identical (majority owner Austrian, minority holder local partner) and therefore also mutually comparable. Out of 568 subjects, the data of 342 was exploitable (some questionnaires were not fulfilled, some did not fulfill the performance criteria we set in order to compare, and some subjects left the company earlier than planned within the observation period of one year). These 342 subjects had been employed in the companies more than one year, which allowed a fourth quarter comparison of 2010 and 2009.

To assess Social Desirability I used the Social Desirability Scale by Stoeber (2001) and used the back-translation method for our samples in Serbia, Montenegro, and Ukraine. The 17-item scale could be rated from 0 (false) to 1 (true). I decided to dismiss question no. 4 "I have tried illegal drugs (for example, marijuana, cocaine, etc.)" as this question did not seem appropriate in our business-driven setting, as admitting the personal usage of drugs would be an immediate reason to terminate the employment contract.

Procedure.

In order to ensure a standardized form of data collection I decided to organize an online survey via Surveymonkey.com. An information letter, co-branded by the insurance company and the University of Zurich, was emailed to the participants before every participant received a personalized entry-link which was accessible by an internet connection of personal choice. A guarantee of confidentiality was provided when entering the online-survey. All participants were able to complete the online questionnaire in local language. The method of all translations consisted of the commonly used back-forth translation method. The questionnaire-links were distributed at the beginning of the fourth quarter of 2010. Tag-numbers were used to decode the superior's and agent's identity for later analysis of the scales. In order to increase the rate of participation a reward was offered to the participants in each country (lottery for participants to win a laptop).

Statistical analysis.

Statistics were carried out using SPSS 17.0 and R 2.13.2. For all analysis, the significance level was .05 (two-tailed), however tendencies ($p < .10$) are also mentioned. With regard to the hierarchical nature of our data I conducted a multi-level analysis⁹.

⁹ The analysis was performed in the statistical environment R, with the packages multilevel, nlme, lme4 under the R version 2.13.2. Since the performance variable was binary (low/high performance), I used the procedure lmer (package lme4) the logistic regression on the target variable in the generalized mixed model by

The steps of the multi-level analysis are the following (Bliese, 2009):

1. Examination of the conditions (i.e., elimination of variables with low variance);
2. Modeling the random component (check the nested group structure);
3. Modeling of the fixed components (examination of the predictors);
4. Final model validation.

1. Examination of the conditions

First, I calculated the intraclass coefficient (ICC) indices for the clustering variable and the mediator variables. This multi-purpose analysis yielded information about the plausibility of a multi-level structure and the importance of each particular mediator. The ICC indices also provide information on outliers which could distort the calculations (Bliese, 2009). The ICC(1) is the between-group variance (commonly denoted as τ_{00}) while ICC(2) is the within-group variance (commonly denoted as σ^2). The intraclass correlation coefficient is calculated using the equation: $ICC = \tau_{00} / (\tau_{00} + \sigma^2)$.

2. Modeling of the random component

In the second step I examined the "random intercept model". I tested whether the nested models are better than the ones without random components. First, the second level was introduced (superiors), followed by the third level (countries). I then compared the differences in model fit indices (AIC, BIC, -2LL), and the differences

specifying a binomial distribution for dichotomous data and accomplishes the specification of a link to the binomial distribution. All other analyzes used the packages multilevel and nlme, based on Bliese's (2009) recommendations on how to utilize nlme packages in R-stats.

were significance tested using the change in -2LL with the change in degrees of freedom. The null model with the significantly lowest AIC and BIC value was further used.

3. Modeling of the Fixed Component

The next step was the introduction of predictor variables that can influence the target variable (Bliese, 2009, p. 55). I used different methods for examining the inclusion of fixed components. For performance (which was a dichotomous variable), I used logistic regression with backward elimination. For Job Satisfaction (JSS) and all of the subscales I calculated intraclass coefficients between the dependent variables and mediators and included the specific mediators to the model when their intraclass correlation coefficient was significant, which meant an ICC(1) level above .04. To test the calculation of estimates of the alternative multi-level models we used the method "ML" (maximum likelihood); allowing me to draw further possible comparisons.

4. Model validation

According to Bliese (2009), I produced a series of diagnostic figures from which big deviations in residuals could have been observed. However none of the analyses produced non-random distributions of residuals, allowing me to dispense reporting these statistical graphs.

Chapter 5

Results

Hofstede's Cultural Value Dimensions.

I found poor and finally negligible interpretable results of Hofstede's cultural values and dimensions (no significant correlations with the other variables measured; no regression analysis therefore possible). The cultural dimensions were calculated based on Hofstede's methodology, ranging from 0 (low) -100 (high). According to Hofstede (e.g. 2008, 2011), the measured cultural dimensions in each country are to be based on matched samples. As matching samples is not possible at a sample size of 568 and three different countries and organizations, each country sample rather needs to be evaluated by itself (stand-alone). My generated scores cannot be compared to published scores by Hofstede, neither do they allow generalizations on larger societal level (see Hofstede, 2008). However, my collected cultural dimensions are valuable and can be interpreted within the context of the three samples in Serbia, Montenegro and Ukraine. Each value dimension score (Power Distance, Individualism, Masculinity, Uncertainty Avoidance, Long-term orientation, Indulgence vs. Restraint and Monumentalism) describes the specific cultural setting and values of the insurance agents and managers.

For better and easier arrangement I have clustered the range from 0-33.3 (low level), 33.3-66.6 (medium level) and 66.6-100 (high level). A value can be of low, high or medium level on the value's continuum. For the Hofstede values of this study's sample please refer to the following Table X, for the evaluation and interpretation of the scores please refer to the discussion, research question no. 2 (Chapter 6).

Table 2

Cultural dimension indices in the three countries of investigation

Value Dimension	Serbia	Ukraine	Montenegro
Power distance	29.4	29.7	12.5
Individualism	3.9	25.9	11.1
Masculinity	31.4	30.2	25.6
Uncertainty avoidance	64.8	75.5	56.4
Long term orientation	85.6	89.7	93.5
Indulgence vs. restraint	88.1	61.8	78.4
Monumentalism	55.5	74.2	50.1

Note. The following range of interpretation may be used for better classification of the cultural values: 0-33.3 (**low**); 33.3-66.6 (**medium**); 66.6-100 (**high**).

In addition to the stand-alone cultural dimensions (see Table 2), culture as such was furthermore, yet indirectly, addressed through considering the country-level in every MLM-analysis (please refer to the section Multi-Level-Modeling).

Reliabilities.

I calculated Cronbach alpha values to scrutinize the levels of internal reliability. I performed the calculations for each country individually. According to Field (2009), I regarded an alpha value of .70 as a threshold for acceptable reliability, although we observed the notion that alpha values above .60 can also be accepted with caution especially for scales which contain only a few items.

I found good Cronbach alpha values for job satisfaction on an overall score. The alpha coefficients ranged from .90 (Montenegro) to .92 (Ukraine and Serbia). The social desirability scale had satisfactory reliability as well in all countries, alpha ranging from .68 (Montenegro) to .78 (Ukraine). The total sample of leaders and employees in all countries scored satisfactory Cronbach alpha values on the MLQ scales. Alpha values for the transformational leadership scale ranged from .92 (Ukraine) to .95 (Serbia), for

transactional leadership scale ranged from .70 (Ukraine) to .85 (Montenegro), for passive avoidance ranged from .79 (Ukraine) to .84 (Montenegro), and for the outcomes of leadership scale alphas ranged from .94 (Ukraine) to .97 (Serbia). For all Cronbach alpha values in the three countries refer to Table 3.

Table 3

Reliabilities of scales in different countries

Scale	No. of items	Value range	Cronbach α		
			Serbia (N = 241)	Montenegro (N = 63)	Ukraine (N = 264)
Transformational Leadership	20	0-80	.95	.93	.92
Transactional Leadership	8	0-24	.82	.85	.70
Passive Avoidant Leadership	8	0-24	.81	.84	.79
Outcomes Of Leadership	9	0-28	.97	.95	.94
Job Satisfaction	36	36-216	.92	.90	.92
Social Desirability	16	0-16	.76	.68	.78

Job Satisfaction

In the sample, job satisfaction theoretically ranged from 36 to 216. I found country-wise differences ($F(2;168.3) = 28.894$; $p < .001$) in the scale. Ukraine ($M = 135.91$; $SD = 20.38$) had significantly lower means than Serbia ($M = 149.96$; $SD = 29.44$; $p < .001$) and Montenegro ($M = 155.08$; $SD = 25.16$; $p < .001$). No significant

differences were identified in job satisfaction means between Serbia and Montenegro. Job satisfaction of all respondents correlated positively with transformational and transactional leadership styles and outcomes of leadership, whereas passive avoidance correlated negatively with job satisfaction. When I observed the MLQ self-ratings of leaders (N = 144) job satisfaction correlated negatively with passive avoidance and positively with outcomes of leadership. Transformational and transactional leadership styles were not correlated to job satisfaction. Correlations between leadership styles and rating of the superior (and for the superiors: rating of self as a superior) are presented in Table 4.

Table 4

Pearson correlations of leadership style scales (ratings about superiors and self as leaders) and job satisfaction scales

Job satisfaction	
Everyone on leaders ¹⁰ (N = 568)	
Transformational	.52**
Transactional	.47**
Passive Avoidant	-.53**
Outcomes of Leadership	.56**

Note: Numbers show respective scale's correlations with JSS; *: $p < .05$; **: $p < .01$.

¹⁰ Employees rate themselves and their leaders

Social Desirability.

Social desirability theoretically ranges from 0 to 16. I found significant country-wise differences ($F(2;185.9) = 23.003$; $p < .001$) with Ukraine ($M = 10.12$; $SD = 3.39$) having significantly lower means than Serbia ($M = 11.93$; $SD = 2.91$; $p < .001$) and Montenegro ($p < .001$), with the two latter showing no significant difference between them.

Social desirability correlated negatively with passive avoidance ($r(567) = -.11$; $p = .009$) and positively with the outcomes of leadership ($r(567) = .09$; $p = .032$). However, these correlations were negligible in terms of effect size. As for the leader's self-ratings, social desirability scale correlated positively with transformational leadership style ($r(143) = .23$; $p = .041$), passive avoidance showed a negative correlation with job satisfaction ($r(143) = -.18$; $p = .041$). The outcomes of leadership demonstrated a positive correlation with job satisfaction ($r(143) = .18$; $p = .041$).

Low and high performers.

Out of 568 respondents, the data of 342 was usable by means of performance data. These 342 subjects had been employed in the companies more than one year, which allowed a fourth quarter comparison of 2010 and 2009. For all three relative performance variables (number of contracts, fulfillment of target ratio and premium volume) I developed a dichotomous version: Those who generated fewer contracts/could not fulfill the aims /earned less premium than in previous year, I named low performers, whilst those who managed to sign more contracts /could reach monetary aim/had more premium than in the previous year, I named high performers. Frequencies of low and high performers in the three countries can be found in Table 5.

Table 5

Proportion of low- and high performers (base: no. of contracts) per country

	Serbia	Ukraine	Montenegro	Total
Low performer	61	53	1	115
	(33.0%)	(40.5%)	(3.8%)	(33.6%)
High performer	124	78	25	227
	(67.0%)	(59.5%)	(96.2%)	(66.4%)
Total	185	131	26	342
	(100.0%)	(100.0%)	(100.0%)	(100.0%)

On employee level (= those sales agents who rated their superiors), transformational leadership style (TFL) was positively associated with high performance ($r(286) = .15$; $p = .014$) while passive avoidant style (PA) was negatively associated with high performance ($r(286) = -.12$; $p = .037$). Employees scoring their leaders as highly transformational appear to be high performers, and those who scored their leaders as highly passive avoidant were low performers (base: of increase of number of contracts). Transactional leadership style (TAL) did not correlate significantly with performance.

Multi-Level Modeling (MLM).

Performance.

I examined the effect of independent variables and potential mediator variables to performance utilizing a normal logistic regression analysis with backward

elimination to establish a reference model which I used to build a multi-level model. The analysis yielded that performance was determined by transformational leadership (TFL) and country. As a second step I examined the random components. I tested whether the introduction of the hierarchical levels 2 (superiors) and 3 (countries) cause an improvement in model fit (lower AIC and BIC value) compared to a basic model without random components. I found that including level 2 (superiors) significantly raised the model fit compared to the random effect of country on performance, though level 3 (country) did not. For the model fit values, refer to Table 6.

Table 6

Model comparisons for MLM on performance (random effects)

Model	df	AIC	BIC	-2LL	$\Delta\chi^2$	Δdf	p
Model 1.0	2	376.77	384.09	-186.38			
Model 1.1	2	373.33	380.65	-184.67	3.431	0	<.001
Model 1.2	3	375.33	386.31	-184.67	0.000	1	1.000

Note: **Model 1.0**: No random effects included; **Model 1.1**: Random effect of superior (level 2); **Model 1.2**: Random effect of superior (level 2) and country (level 3).

In the next step, I examined models which included fixed and random effects. In the first model significant predictor variables from logistic regression were used as fixed components as well as the level 2 random component (superiors). I found that additional variables (sex, age group, education, TAL, PA) did not enhance the original model, thus I accepted it as a final model, see Table 7.

Table 7

Model comparisons for MLM on performance (random and fixed effects)

Model	df	AIC	BIC	-2LL	$\Delta\chi^2$	Δdf	p
Model 1.3	5	363.64	381.94	-176.82			
Model 1.4	6	365.64	387.59	-176.82	0.000	1	1.000
Model 1.5	22	378.18	458.69	-167.09	19.458	16	.246
Model 1.6	23	380.18	464.35	-167.09	0.000	1	1.000

Note: **Model 1.3:** Fixed effect of country and TFL and random effect of superior;
Model 1.4: Fixed effect of country and TFL and random effect of superior and country;
Model 1.5: Fixed effect of country, sex, age group, education, TFL, TAL, PA and
random effect of superior; **Model 1.6:** Fixed effect of country, sex, age group,
education, TFL, TAL, PA and random effect of superior and country.

I first performed an ordinary logistic regression analysis without random effects to determine significant predictor variables which could be identified as important in the multi-level analysis. I then used these variables as fixed effects in the MLM analysis. Therefore the ordinary regression is not reported separately.

The appropriate model, taking the random-intercept (superior) into account, has the lowest AIC and BIC values. In the case of my leadership/performance analysis there were differences in performance among the employees which depended on the country and transformational leadership style as well as the superior. In addition the relationship between TFL and performance was also affected by the associated superiors. Other variables (sex, age group, and education) did not exert significant influence on

performance, nor did the other leadership styles. The final model can be referred to in the Table 8.

Table 8

Final model (1.3) for the determinants of performance

	Variance (SD)	B (SE)	z
Random effects			
Intercept	0.30 (0.55)		
Fixed effects			
Intercept		-1.01 (0.61)	-1.66
Country (Montenegro)		2.60 (1.17)	2.22*
Country (Ukraine)		-0.23 (0.30)	-0.75
Transformational		0.46 (0.17)	2.74**

Note: Level 1 (employees): N = 287, Level 2 (superiors): N = 71. *: $p < .05$, **: $p < .01$.

For actual job performance the usage of a two-level hierarchical model was plausible with the employees on the first level and superiors on the second level. I also found that as a fixed effect, being Montenegrin was a positive predictor for performance, compared to the baseline (being Serbian). Education and Age group were not significant predictors. Transformational leadership style was a significantly positive predictor of performance, while Transactional and Passive avoidant leadership styles were not significant predictors.

Job satisfaction (total score).

I examined whether the application of a second level (superiors) on the variable can be of an advantage. The analysis of variance on superior level yielded a significant result ($F(1,89) = 2.465$; $p < .001$; $ICC(1) = .23$; $ICC(2) = .59$) which underlines that the application of a multi-level model is plausible.

The calculation of the ICC indices showed that the mediator variables gender and age group had no significant effects on JSS however, education and country were significant. Outliers that could distort the correlation calculations were not detected. For exact ICC values, refer to Table 9.

Table 9

Intraclass correlations for JSS total score and mediator variables

	Df	ICC(1)	ICC(2)	F	p
Sex	1	.00	-4.86	0.171	.680
Age group	6	.00	-.35	0.739	.619
Education	8	.09	.83	5.766	<.001
Country	2	.13	.96	22.997	<.001

In the next step, the random components were analyzed. It was tested whether the model fit can be improved by introducing a second (superiors) and third level (country). I found that including level 2 (superiors) significantly raised the model fit compared to the random effect of country on the total score of Job Satisfaction, though the third level (country) did not. For the model fit values, refer to Table 10.

Table 10

Model comparisons for MLM on JSS Total score (random effects)

Model	df	AIC	BIC	-2LL	$\Delta\chi^2$	Δdf	p
Model 2.0	2	3987.90	3995.99	-1991.95			
Model 2.1	3	3951.07	3963.22	-1972.54	19.41	1	<.001
Model 2.2	8	3952.43	3984.81	-1968.22	4.32	5	.124

Note. **Model 2.0**: No random effects included; **Model 2.1**: Random effect of superior (level 2); **Model 2.2**: Random effect of superior (level 2) and country (level 3).

I then added the fixed components to the random model. I did this by adding the mediator variables which were found to be significant using the intraclass correlations. Table 11 shows that the best fit was obtained when fixed effect of country, education, TAL, TFL, PA and random effect of superior were included. The superior level accounted for 15.7% of the variance in the final model.

Table 11

Model comparisons for MLM on job satisfaction (random and fixed effects)

Model	df	AIC	BIC	-2LL	$\Delta\chi^2$	Δdf	p
Model 2.3	13	3772.46	3825.10	-1873.23			
Model 2.4	16	3765.60	3830.39	-1866.80	6.43	3	.005

Note. **Model 2.3**: Fixed effect of education, TFL, PA and random effect of superior; **Model 2.4**: Fixed effect of country, education, TAL, TFL, PA and random effect of superior.

The final model (2.4) is illustrated in Table 12.

Table 12

Final multi-level model for the determinants of JSS Total score

	Variance (SD)	B (SE)	t
Random effects			
Intercept	68.38 (8.27)	7.35 (19.11)	
Residual	366.89 (19.15)		
Fixed effects			
Intercept		128.02 (10.17)	12.59***
Country (Montenegro)		5.10 (5.22)	0.98
Country (Ukraine)		-8.43 (84.09)	-2.06*
Education11 years		-1.09 (2.92)	-0.37
Education12 years		9.58 (4.53)	2.11*
Education13 years		6.68 (6.12)	1.09
Education14 years		5.18 (5.22)	0.99
Education15 years		0.84 (4.98)	0.17
Education16 years		-2.23 (4.80)	-0.47
Education17 years		2.31 (5.66)	0.41
Education18 years or over		-12.80 (7.56)	-1.69
Transformational		6.23 (2.47)	2.47*
Transactional		5.31 (2.48)	2.14*
Passive Avoidant		-10.83 (1.70)	-6.38***

Note. Level 1 (employees): N = 424, Level 2 (superiors): N = 90.

*: $p < .05$, **: $p < .01$.

For the total Job satisfaction score, the usage of a hierarchical structure proved to be plausible, where superiors served as second level. Ukrainians were less satisfied with their jobs contrasted to the baseline (Serbians). Education also proved to be a significant predictor, with those who had an education of 12 years being more satisfied (baseline: 10 years or less). Age group however was not a significant predictor. All three leadership styles were significant predictors of JSS: Transformational and Transactional being positive, Passive avoidant negative.

Job satisfaction pay.

I examined if the application of a second level (superiors) on the variable can be of an advantage. The analysis of variance on superior level yielded a significant result ($F(1,89) = 3.434$; $p < .001$; $ICC(1) = .34$; $ICC(2) = .71$) which underlines the plausibility of utilizing a multi-level model.

The calculation of the ICC indices showed that the mediator variables gender and age group had no significant effects on JSS. However, education and country were significant. Outliers that could distort the correlation calculations were not detected. For exact ICC values, see Table 13.

Table 13

Intraclass correlations for JSS Pay and mediator variables

	Df	ICC(1)	ICC(2)	F	p
Sex	1	.00	.14	1.159	.282
Age group	6	-.01	-.72	0.581	.745
Education	8	.13	.88	8.327	<.001
Country	2	.20	.97	35.897	<.001

In the next step, the random components were analyzed. It was tested whether the model fit can be improved by introducing a second (superiors) and third level (country). I found that including level 2 (superiors) significantly raised the model fit compared to the random effect of country on JSS Pay, though the third level (country) did not. For the model fit values, refer to Table 14.

Table 14

Model comparisons for MLM on JSS pay (random effects)

Model	df	AIC	BIC	-2LL	$\Delta\chi^2$	Δdf	p
Model 3.0	2	2553.63	2561.72	-1274.81			
Model 3.1	3	2480.19	2492.33	-1237.09	37.72	1	<.001
Model 3.2	8	2487.89	2520.27	-1235.95	1.15	5	.807

Note. **Model 3.0**: No random effects included; **Model 3.1**: Random effect of superior (level 2); **Model 3.2**: Random effect of superior (level 2) and country (level 3).

I then added the fixed components to the random model. I did this by adding the mediator variables which were found to be significant using the intraclass correlations. Table 15 displays that the best fit was obtained when the fixed effect of country, education, TAL, PA and random effect of superior were included. The superior level accounted for 35.2% of the variance in the final model.

Table 15

Model comparisons for MLM on JSS pay (random and fixed effects)

Model	df	AIC	BIC	-2LL	$\Delta\chi^2$	Δdf	p
Model 3.3	15	2392.35	2453.10	-1181.18			
Model 3.4	16	2393.85	2458.65	-1180.93	0.25	1	.479

Note. **Model 3.3:** Fixed effect of country, education, TAL, PA and random effect of superior; **Model 3.4:** Fixed effect of country, education, TFL, TAL, PA and random effect of superior.

The final model (3.3) can be seen in Table 16.

Table 16

Final multi-level model for the determinants of JSS Pay

	Variance (SD)	B (SE)	t
Random effects			
Intercept	8.63 (2.93)	2.17 (3.63)	
Residual	15.86 (3.98)		
Fixed effects			
Intercept		13.55 (1.89)	7.156***
Country (Montenegro)		0.92 (1.28)	0.717
Country (Ukraine)		-2.47 (0.87)	-2.835**
Education11 years		0.34 (0.57)	0.602
Education12 years		1.92 (0.88)	2.170*
Education13 years		1.02 (1.19)	0.851
Education14 years		0.97 (1.02)	0.950
Education15 years		-1.12 (0.97)	-1.147
Education16 years		-0.24 (0.93)	-0.256
Education17 years		0.49 (1.11)	0.447
Education18 years or over		-4.24 (1.46)	-2.900**
Transactional		1.17 (0.33)	3.537**
Passive Avoidant		-1.23 (0.31)	-3.985***

Note. Level 1 (employees): N = 424, Level 2 (superiors): N = 90.

*: $p < .05$, **: $p < .01$.

For JSS Pay, the usage of a hierarchical structure proved to be plausible, where superiors served as second level. Ukrainians were less satisfied with their salaries contrasted to the baseline (Serbians). Education also proved to be a significant predictor, with those who had an education of 12 years being more satisfied, and those who had an education of more than 18 years were less satisfied (baseline: 10 years or less). Age group was not a significant predictor. Transactional leadership style was a positive predictor of JSS Pay while Passive avoidant was a negative predictor. Transformational leadership style was not a significant predictor.

Job satisfaction promotion.

I examined if the application of a second level (superiors) on the variable can be of an advantage. The analysis of variance on superior level yielded significant results ($F(1,89) = 2.686$; $p < .001$; $ICC(1) = .26$; $ICC(2) = .62$) which points out the plausibility of utilizing a multi-level model.

The calculation of the ICC indices showed that the mediator variables gender and age group had no significant effects on JSS Promotion. However education and country were significant. Outliers that could distort the correlation calculations were not detected. For exact ICC values, refer to Table 17.

Table 17

Intraclass correlations for JSS promotion and mediator variables

	Df	ICC(1)	ICC(2)	F	p
Sex	1	.00	-2.17	0.315	.574
Age group	6	.01	.44	1.782	.101
Education	8	.12	.87	7.706	<.001
Country	2	.16	.96	27.289	<.001

In the following step, the random components were analyzed. It was tested whether the model fit can be improved by introducing a second (superiors) and third level (country). I found that including level 2 (superiors) significantly raised the model fit compared to the random effect of country on JSS Promotion, though the third level (country) did not. For the model fit values, see Table 18.

Table 18

Model comparisons for MLM on JSS promotion (random effects)

Model	df	AIC	BIC	-2LL	$\Delta\chi^2$	Δdf	p
Model 4.0	2	2548.24	2556.33	-1272.12			
Model 4.1	3	2507.87	2520.01	-1250.94	21.18	1	<.001
Model 4.2	8	2507.40	2539.77	-1245.70	5.24	5	.063

Note. **Model 4.0**: No random effects included; **Model 4.1**: Random effect of superior (level 2); **Model 4.2**: Random effect of superior (level 2) and country (level 3).

I then added the fixed components to the random model. I did this by adding the mediator variables which were found to be significant using the intraclass correlations. Table 19 illustrates that the best fit was obtained when the fixed effect of country, education, TAL, PA and random effect of the superior were included. The superior level accounted for 28.5% of the variance in the final model.

Table 19

Model comparisons for MLM on JSS promotion (random and fixed effects)

Model	df	AIC	BIC	-2LL	$\Delta\chi^2$	Δdf	p
Model 4.3	15	2309.80	2470.55	-1189.90			
Model 4.4	16	2411.13	2475.93	-1189.57	0.33	1	.479

Note. **Model 4.3:** Fixed effect of country, education, TAL, PA and random effect of superior; **Model 4.4:** Fixed effect of country, education, TAL, TFL, PA and random effect of superior.

The final model (4.3) can be seen in Table 20.

Table 20

Final multi-level model for the determinants of JSS Promotion

	Variance (SD)	B (SE)	t
Random effects			
Intercept	7.01 (2.64)	1.55 (3.85)	
Residual	17.60 (4.20)		
Fixed effects			
Intercept		10.70 (1.94)	5.506***
Country (Montenegro)		1.16 (1.08)	1.077
Country (Ukraine)		-1.49 (0.83)	-1.808†
Education11 years		-0.22 (0.59)	-0.371
Education12 years		2.39 (0.91)	2.612**
Education13 years		1.53 (1.24)	1.236
Education14 years		1.06 (1.06)	1.001
Education15 years		0.49 (1.01)	0.487
Education16 years		-0.64 (0.97)	-0.662
Education17 years		0.65 (1.14)	0.565
Education18 years or over		-2.42 (1.52)	-1.593
Transactional		1.81 (0.34)	5.318***
Passive Avoidant		-1.05 (0.32)	-3.323**

Note. Level 1 (employees): N = 424, Level 2 (superiors): N = 90. *: $p < .05$, **: $p < .01$.

For JSS Promotion, the usage of a hierarchical structure proved to be plausible, where superiors served as second level. Ukrainians were less satisfied with their jobs contrasted to the baseline (Serbians), but this was only a marginal effect. Education also proved to be a significant predictor, with those who had an education of 12 years being more satisfied (baseline: 10 years or less). Age group was not a significant predictor. Transactional leadership style was a positive predictor of JSS Promotion while Passive avoidant was a negative predictor. Transformational leadership style was not a significant predictor.

Job satisfaction supervision.

I examined if the application of a second level (superiors) on the variable can be of advantage. The analysis of variance on superior level yielded a significant result ($F(1,89) = 1.931$; $p < .001$; $ICC(1) = .17$; $ICC(2) = .48$) which underlines that the application of a multi-level model is plausible.

The calculation of the ICC indices showed that the mediator variables gender and age group had no significant effects on JSS Supervision. However education and country were significant. Outliers that could distort the correlation calculations were not detected. For exact ICC values, see Table 21.

Table 21

Intraclass correlations for JSS supervision and mediator variables

	Df	ICC(1)	ICC(2)	F	p
Sex	1	.00	-.31	0.763	.383
Age group	6	-.01	-1.89	0.346	.912
Education	8	.05	.69	3.266	.001
Country	2	.05	.88	8.137	<.001

In the next step, the random components were analyzed. It was tested whether the model fit can be improved by introducing a second (superiors) and third level (country). I found that the inclusions of both levels were plausible, as they significantly enhanced model fit values. Thus, a three level model was pursued. For the model fit values, please refer to Table 22.

Table 22

Model comparisons for MLM on JSS supervision (random effects)

Model	df	AIC	BIC	-2LL	$\Delta\chi^2$	Δdf	p
Model 5.0	2	2575.03	2583.12	-1285.51			
Model 5.1	3	2559.68	2571.83	-1276.84	8.67	1	<.001
Model 5.2	8	2555.54	2587.92	-1269.77	7.07	5	.015

Note. **Model 5.0**: No random effects included; **Model 5.1**: Random effect of superior (level 2); **Model 5.2**: Random effect of superior (level 2) and country (level 3).

I then added the fixed components to the random model. I did this by adding the mediator variables which were found to be significant using the intraclass correlations. Table 23 illustrates that the best fit was obtained when fixed effect of country, education, TFL, PA and random effect of superior and country were included. The three level model accounted for 35.8% of the variance in the final model.

Table 23

Model comparisons for MLM on JSS supervision (random and fixed effects)

Model	df	AIC	BIC	-2LL	$\Delta\chi^2$	Δdf	p
Model 5.3	20	2114.83	2195.83	-1037.42			
Model 5.4	21	2116.62	2201.67	-1037.31	0.11	1	.647

Note. **Model 5.3**: Fixed effect of country, education, TFL, PA and random effect of superior and country; **Model 5.4**: Fixed effect of country, education, TAL, TFL, PA and random effect of superior and country.

The final model (5.3) is displayed in Table 24.

Table 24

Final multi-level model for the determinants of JSS Supervision

	Variance (SD)	B (SE)	t
Random effects			
Intercept	11.43 (3.38)	1.32	
Country (Montenegro)	23.37 (4.83)	0.57	
Country (Ukraine)	11.66 (3.41)	1.47	
Residual	20.48 (4.52)		
Fixed effects			
Intercept		8.60 (1.39)	6.205***
Country (Montenegro)		1.25 (0.72)	1.751†
Country (Ukraine)		0.51 (0.55)	0.924
Education11 years		-0.49 (0.41)	-1.203
Education12 years		2.33 (0.64)	3.642***
Education13 years		1.45 (0.87)	1.678
Education14 years		1.53 (0.74)	2.057*
Education15 years		1.38 (0.71)	1.958†
Education16 years		0.63 (0.67)	0.932
Education17 years		0.41 (0.80)	0.513
Education18 years or over		-0.28 (1.08)	-0.260
Transformational		3.64 (0.24)	15.241***
Passive Avoidant		-2.00 (0.24)	-8.242***

Note. Level 1 (employees): N = 424, Level 2 (superiors): N = 90, Level 3

(countries): N = 3; †: p < .10, *: p < .05, **: p < .01.

For JSS Supervision, the usage of a hierarchical structure proved to be plausible, where supervisors served as second and countries as a third level. Montenegrins were more satisfied with their jobs contrasted to the baseline (Serbians), but this was only a marginal effect. Education also proved to be a significant predictor, with those who had an education of 12, 14 and 15 years being more satisfied (the latter being only marginally significant) at a baseline of 10 years or less. Age group was not a significant predictor. Transformational leadership style was a positive predictor of JSS Supervision while Passive avoidant was negative. Transactional leadership style was not a significant predictor.

Job satisfaction fringe benefits.

I examined if the application of a second level (superiors) on the variable can be of an advantage. The analysis of variance on superior level yielded a significant result ($F(1,89) = 1.853$; $p < .001$; $ICC(1) = .15$; $ICC(2) = .46$) which promotes the application of a multi-level model.

The calculation of the ICC indices showed that the mediator variables gender and age group had no significant effects on JSS Fringe Benefits. However education and country were significant. Outliers that could distort the correlation calculations were not detected. For exact ICC values, refer to Table 25.

Table 25

Intraclass correlations for JSS Fringe benefits and mediator variables

	Df	ICC(1)	ICC(2)	F	p
Sex	1	.00	-.23.80	0.040	.841
Age group	6	-.01	-1.12	0.471	.830
Education	8	.07	.78	4.557	<.001
Country	2	.09	.93	15.190	<.001

In the next step, the random components were analyzed. It was tested whether the model fit can be improved by introducing a second (superiors) and third level (country). I found that including level 2 (superiors) significantly raised the model fit compared to the random effect of country on JSS Fringe Benefits, though the third level (country) did not. For the model fit values, see Table 26.

Table 26

Model comparisons for MLM on JSS Fringe benefits (random effects)

Model	df	AIC	BIC	-2LL	$\Delta\chi^2$	Δdf	p
Model 6.0	2	2478.74	2486.83	-1237.37			
Model 6.1	3	2459.49	2471.63	-1226.75	10.62	1	<.001
Model 6.2	8	2465.64	2498.02	-1224.82	1.92	5	.572

Note. **Model 6.0**: No random effects included; **Model 6.1**: Random effect of superior (level 2); **Model 6.2**: Random effect of superior (level 2) and country (level 3).

I then added the fixed components to the random model. I did this by adding the mediator variables which were found to be significant using the intraclass correlations. The results displayed in Table 27 indicate that the best fit was obtained when fixed effect of country, education, PA and random effect of superior were included. The superior level accounted for 16.9% of the variance in the final model.

Table 27

Model comparisons for MLM on JSS Fringe benefits (random and fixed effects)

Model	df	AIC	BIC	-2LL	$\Delta\chi^2$	Δdf	p
Model 6.3	14	2422.48	2479.18	-1197.24			
Model 6.4	16	2424.12	2488.92	-1196.06	1.18	2	.308

Note. **Model 6.3:** Fixed effect of country, education, PA and random effect of superior; **Model 6.4:** Fixed effect of country, education, TAL, TFL, PA and random effect of superior.

The final model (6.3) can be seen in Table 28.

Table 28

Final multi-level model for the determinants of JSS Fringe benefits

	Variance (SD)	B (SE)	t
Random effects			
Intercept	3.43 (1.85)	1.60 (3.91)	
Residual	16.82 (4.10)		
Fixed effects			
Intercept		16.83 (1.05)	15.978***
Country (Montenegro)		-1.20 (1.10)	-1.092
Country (Ukraine)		-1.80 (0.84)	-2.149*
Education11 years		-0.14 (0.60)	-0.228
Education12 years		0.98 (0.93)	1.056
Education13 years		1.57 (1.25)	1.256
Education14 years		1.01 (1.06)	0.951
Education15 years		-1.75 (1.02)	-1.712†
Education16 years		0.02 (0.98)	0.018
Education17 years		-0.08 (1.16)	-0.071
Education18 years or over		-3.76 (1.54)	-2.441*
Passive Avoidant		-1.31 (0.27)	-4.793***

Note. Level 1 (employees): N = 424, Level 2 (superiors): N = 90.

*: $p < .05$, **: $p < .01$.

For JSS Fringe benefits, the usage of hierarchical structure proved to be plausible, where supervisors served as second level. Ukrainians were less satisfied contrasted to the baseline (Serbians). Education also proved to be a significant predictor, with those who had an education of 15 and more than 18 years being less satisfied (the former being marginally significant) at a baseline of 10 years or less. Age group was not a significant predictor. Passive avoidant leadership style was a negative predictor of JSS Fringe benefits. Transformational and transactional leadership styles were not significant predictors.

Job satisfaction contingent rewards.

I examined if the application of a second level (superiors) on the variable can be of advantage. The analysis of variance on superior level yielded a significant result ($F(1,89) = 1.887$; $p < .001$; $ICC(1) = .16$; $ICC(2) = .47$) which emphasizes the plausibility of using a multi-level model.

The calculation of the ICC indices showed that the mediator variables gender, age group and education had no significant effects on JSS Contingent rewards, however country was significant. Outliers that could distort the correlation calculations were not detected. For exact ICC values, see Table 29.

Table 29

Intraclass correlations for JSS Contingent rewards and mediator variables

	Df	ICC(1)	ICC(2)	F	p
Sex	1	.00	-.40	0.712	.399
Age group	6	.00	-.09	0.914	.484
Education	8	.00	.21	1.621	.117
Country	2	.05	.87	7.748	<.001

In the next step, the random components were analyzed. It was tested whether the model fit can be improved by introducing a second (superiors) and third level (country). I found that including level 2 (superiors) significantly raised the model fit compared to the random effect of country on JSS Contingent rewards, though the third level (country) did not. For the model fit values, see Table 30.

Table 30

Model comparisons for MLM on JSS Contingent rewards (random effects)

Model	df	AIC	BIC	-2LL	$\Delta\chi^2$	Δdf	p
Model 7.0	2	2440.19	2448.29	-1218.10			
Model 7.1	3	2428.10	2440.24	-1211.05	7.05	1	<.001
Model 7.2	8	2435.31	2467.69	-1209.66	1.39	5	.733

Note. **Model 7.0**: No random effects included; **Model 7.1**: Random effect of superior (level 2); **Model 7.2**: Random effect of superior (level 2) and country (level 3).

I then added the fixed components to the random model. I did this by adding the mediator variables which were found to be significant using the intraclass correlations. Table 31 reveals that the best fit was obtained when fixed effect of TAL, PA and random effect of superior were included. The superior level accounted for 15.8% of the variance in the final model.

Table 31

Model comparisons for MLM on JSS Contingent rewards (random and fixed effects)

Model	df	AIC	BIC	-2LL	$\Delta\chi^2$	Δdf	p
Model 7.3	5	2331.43	2351.68	-1160.72			
Model 7.4	8	2332.32	2364.72	-1158.16	2.56	3	.164

Note. **Model 7.3:** Fixed effect of TAL, PA and random effect of superior; **Model 7.4:** Fixed effect of country, TAL, TFL, PA and random effect of superior.

The final model (7.3) can be seen in Table 32.

Table 32

Final multi-level model for the determinants of JSS Contingent rewards

	Variance (SD)	B (SE)	t
Random effects			
Intercept	2.87 (3.70)	0.88 (3.66)	
Residual	15.77 (3.97)		
Fixed effects			
Intercept		14.25 (1.55)	9.201***
Transactional		1.38 (0.31)	4.465***
Passive Avoidant		-1.68 (0.29)	-5.780***

Note. Level 1 (employees): N = 424, Level 2 (superiors): N = 90. *: $p < .05$, **: $p < .01$.

For JSS Contingent rewards, the usage of a hierarchical structure proved to be plausible, where superiors served as second level. Country, Education and Age group were not significant predictors. Transactional leadership style was a positive predictor of JSS Contingent rewards while Passive avoidant was negative. Transformational leadership style was not a significant predictor.

Job satisfaction operating conditions.

I examined if the application of a second level (superiors) on the variable can be of advantage. The analysis of variance on superior level yielded a non-significant result ($F(1,89) = 1.251$; $p = .083$; $ICC(1) = .05$; $ICC(2) = .20$) which stresses that the application of a multi-level model is not plausible.

The calculation of the ICC indices showed that none of the mediator variables had significant effects on JSS Operating conditions. For exact ICC values, see Table 33.

Table 33

Intraclass correlations for JSS Operating conditions and mediator variables

	Df	ICC(1)	ICC(2)	F	p
Sex	1	.00	.67	0.712	.085
Age group	6	.01	.31	1.446	.196
Education	8	.00	.13	1.156	.325
Country	2	-.01	-3.44	0.226	.798

As mentioned before, the introduction of hierarchical levels did not seem plausible in this case hence multi-level modeling was neglected. However comparisons of random effect models were conducted and the results can be reviewed in Table 34.

Table 34

Model comparisons for MLM on JSS Operating conditions (random effects)

Model	df	AIC	BIC	-2LL	$\Delta\chi^2$	Δdf	p
Model 8.0	2	2242.55	2250.64	-1119.27			
Model 8.1	3	2242.10	2254.24	-1118.05	1.22	1	.115
Model 8.2	8	2244.32	2276.70	-1114.16	3.89	5	.169

Note. **Model 8.0**: No random effects included; **Model 8.1**: Random effect of superior (level 2); **Model 8.2**: Random effect of superior (level 2) and country (level 3).

Therefore only a fixed effect model was applied, without random components and mediator variables (as ICCs for all mediators were also non-significant). I found that the model (8.3), which only contained Passive Avoidance (PA) had the best fit, see Table 35.

Table 35

Model comparisons for MLM on JSS Operating conditions (fixed effects)

Model	df	AIC	BIC	-2LL	$\Delta\chi^2$	Δdf	p
Model 8.3	4	2230.89	2247.09	-1111.45			
Model 8.4	6	2234.36	2258.66	-1111.18	0.26	2	.768

Note. **Model 8.3**: Fixed effect of PA; **Model 8.4**: Fixed effect of TAL, TFL, and PA.

The final model (8.3) can be referred to in Table 36.

Table 36

Final multi-level model for the determinants of JSS Operating conditions

	B (SE)	t
Fixed effects		
Intercept	14.77 (0.52)	28.45***
Passive Avoidant	-0.74 (0.21)	-3.44**

Note. Level 1 (employees): N = 424, *: $p < .05$, **: $p < .01$.

For JSS Operating conditions, the usage of a hierarchical structure did not prove to be a plausible solution; therefore a simple one level regression model was applied. Country, Education and Age group were not significant predictors. Passive avoidant leadership style was a negative predictor of JSS Operating conditions. Transformational and Transactional leadership styles were not significant predictors.

Job satisfaction coworkers.

I examined if the application of a second level (superiors) on the variable can be of an advantage. The analysis of variance on superior level yielded significant result ($F(1,89) = 1.498$; $p = .006$; $ICC(1) = .10$; $ICC(2) = .33$) which highlights that the application of a multi-level model is plausible.

The calculation of the ICC indices showed that the mediator variable gender had no significant effects on JSS Coworkers. However age group, education and country were significant. Outliers that could distort the correlation calculations were not detected. For exact ICC values, refer to Table 37.

Table 37

Intraclass correlations for JSS Coworkers and mediator variables

	Df	ICC(1)	ICC(2)	F	p
Sex	1	.00	-20.40	0.047	.829
Age group	6	.02	.59	2.427	.026
Education	8	.02	.51	2.035	.041
Country	2	.02	.75	4.020	.018

In the next step, the random components were analyzed. I tested whether the model fit can be improved by introducing a second (superiors) and third level (country). I detected that including level 2 (superiors) raised the model fit (however it was significant only in a marginal level) compared to the random effect of country on JSS Coworkers, though the third level (country) did not. For the model fit values, see Table 38.

Table 38

Model comparisons for MLM on JSS Coworkers (random effects)

Model	df	AIC	BIC	-2LL	$\Delta\chi^2$	Δdf	p
Model 9.0	2	2234.77	2242.87	-1115.39			
Model 9.1	3	2233.60	2245.74	-1113.80	1.59	1	.075
Model 9.2	8	2235.02	2267.40	-1109.51	4.29	5	.127

Note. **Model 9.0**: No random effects included; **Model 9.1**: Random effect of superior (level 2); **Model 9.2**: Random effect of superior (level 2) and country (level 3).

I then added the fixed components to the random model. I did this by adding the mediator variables which were found to be significant using the intraclass correlations. Table 39 underscores that the best fit was obtained when fixed effect of age group, TAL, PA and the random effect of superior were included. The superior level accounted for 7.9% of the variance in the final model.

Table 39

Model comparisons for MLM on JSS Coworkers (random and fixed effects)

Model	df	AIC	BIC	-2LL	$\Delta\chi^2$	Δdf	p
Model 9.3	11	2129.86	2174.41	-1053.93			
Model 9.4	22	2141.11	2230.20	-1048.55	5.38	11	.464

Note. **Model 9.3**: Fixed effect of age group, TAL, PA and random effect of superior; **Model 9.4**: Fixed effect of country, age group, education, TAL, TFL, PA and random effect.

The final model (9.3) can be seen in Table 40.

Table 40

Final multi-level model for the determinants of JSS Coworkers

	Variance (SD)	B (SE)	t
Random effects			
Intercept	0.91 (0.95)	0.05 (2.93)	
Residual	10.47 (3.24)		
Fixed effects			
Intercept		15.45 (1.32)	11.662***
Age group 25-29		-0.33 (0.48)	-0.678
Age group 30-34		0.81 (0.54)	1.494
Age group 35-39		0.38 (0.56)	0.670
Age group 40-49		0.62 (0.50)	1.231
Age group 50-59		1.61 (0.56)	2.884**
Age group 60 or over		2.03 (1.26)	1.606
Transformational		1.24 (0.25)	5.071***
Passive Avoidant		-1.04 (0.25)	-4.177***

Note. Level 1 (employees): N = 424, Level 2 (superiors): N = 90. *: $p < .05$, **: $p < .01$.

For JSS Coworkers, the usage of a hierarchical structure proved to be plausible, where supervisors served as second level. Age group proved to be a significant

predictor, 50-59 years old participants were more satisfied (baseline: 18-24 years). Country and Education were not significant predictors. Transformational leadership style was a positive predictor of JSS Coworkers while Passive avoidant was a negative predictor. Transactional leadership style was not a significant predictor.

Job satisfaction nature of work.

I examined if the application of a second level (superiors) on the variable can be of an advantage. The analysis of variance on superior level yielded a significant result ($F(1,89) = 1.759$; $p < .001$; $ICC(1) = .14$; $ICC(2) = .43$) which suggests the application of a multi-level model.

The calculation of the ICC indices revealed that the mediator variable gender had no significant effects on JSS Nature of work. However age group, education and country were significant. Outliers that could distort the correlation calculations were not detected. For exact ICC values, see Table 41.

Table 41

Intraclass correlations for JSS Nature of work and mediator variables

	df	ICC(1)	ICC(2)	F	p
Sex	1	.00	-.136.47	0.007	.932
Age group	6	.03	.64	2.789	.011
Education	8	.10	.83	6.050	<.001
Country	2	.17	.96	31.839	<.001

In the next step, the random components were analyzed. It was tested whether the model fit can be improved by introducing a second (superiors) and third level

(country). I found that including level 2 (superiors) significantly raised the model fit compared to the random effect of country on JSS Nature of work, though the third level (country) did not. For the model fit values, see Table 42.

Table 42

Model comparisons for MLM on JSS Nature of work (random effects)

Model	df	AIC	BIC	-2LL	$\Delta\chi^2$	Δdf	p
Model 10.0	2	2298.25	2306.35	-1147.13			
Model 10.1	3	2285.48	2297.62	-1139.74	7.39	1	<.001
Model 10.2	8	2292.89	2325.27	-1138.45	1.29	5	.764

Note. **Model 10.0**: No random effects included; **Model 10.1**: Random effect of superior (level 2); **Model 10.2**: Random effect of superior (level 2) and country (level 3).

I then added the fixed components to the random model. I did this by adding the mediator variables which were found to be significant using the intraclass correlations. Table 43 emphasizes that the best fit was obtained when fixed effect of country, PA and the random effect of superior were included. The superior level accounted for 14.3% of the variance in the final model.

Table 43

Model comparisons for MLM on JSS Nature of work (random and fixed effects)

Model	df	AIC	BIC	-2LL	$\Delta\chi^2$	Δdf	p
Model 10.3	6	2216.97	2241.27	-1102.48			
Model 10.4	22	2225.47	2314.57	-1090.74	11.75	16	.101

Note. **Model 10.3:** Fixed effect of country, PA and random effect of superior;

Model 10.4: Fixed effect of country, age group, education, TAL, TFL, PA and random effect of superior.

The final model (10.3) can be referred to in Table 44.

Table 44

Final multi-level model for the determinants of JSS Nature of work

	Variance (SD)	B (SE)	t
Random effects			
Intercept	1.89 (1.38)	0.04 (3.27)	
Residual	11.33 (3.37)		
Fixed effects			
Intercept		22.37 (0.53)	42.079***
Country (Montenegro)		-0.42 (0.55)	-0.750
Country (Ukraine)		-2.52 (0.34)	-7.449***
Passive Avoidant		-1.14 (0.21)	-5.347***

Note. Level 1 (employees): N = 424, Level 2 (superiors): N = 90, *: p <

.05, **: p < .01.

For the variable JSS Nature of work, the usage of hierarchical structure proved to be plausible, where supervisors served as second level. Ukrainians were less satisfied in contrast to the Serbian baseline. Education and Age group were not significant predictors. Passive avoidant leadership style was a negative predictor of JSS Nature of work. Transactional and Transformational leadership style were not significant predictors.

Job satisfaction communication.

I examined if the application of a second level (superiors) on the variable can be of an advantage. The analysis of variance on superior level yielded a significant result ($F(1,89) = 1.514$; $p < .001$; $ICC(1) = .10$; $ICC(2) = .34$) which supports the application of a multi-level model.

The calculation of the ICC indices showed that the mediator variables gender, age group and education had no significant effects on JSS Communication, however country was significant. Outliers that could distort the correlation calculations were not detected. For exact ICC values, see Table 45.

Table 45

Intraclass correlations for JSS Communication and mediator variables

	df	ICC(1)	ICC(2)	F	p
Sex	1	.00	-.25.99	0.037	.848
Age group	6	-.01	-.50	0.665	.678
Education	8	.00	.17	1.199	.298
Country	2	.03	.82	5.661	.004

In the next step, the random components were analyzed. It was tested whether the model fit can be improved by introducing a second (superiors) and third level (country). I found that including level 2 (superiors) significantly raised the model fit compared to the random effect of country on JSS Communication, although the third level (country) did not. For the model fit values, see Table 46.

Table 46

Model comparisons for MLM on JSS Communication (random effects)

Model	df	AIC	BIC	-2LL	$\Delta\chi^2$	Δdf	p
Model 11.0	2	2333.59	2341.68	-1164.80			
Model 11.1	3	2330.19	2342.33	-1162.10	2.70	1	.020
Model 11.2	8	2331.43	2363.81	-1157.72	4.38	5	.119

Note. **Model 11.0**: No random effects included; **Model 11.1**: Random effect of superior (level 2); **Model 11.2**: Random effect of superior (level 2) and country (level 3).

I then added the fixed components to the random model. I did this by adding the mediator variables which were found to be significant using the intraclass correlations. Table 47 suggests that the best fit was obtained when fixed effect of age group, TAL, PA and the random effect of superior were included. The superior level accounted for 9.0% of the variance in the final model.

Table 47

Model comparisons for MLM on JSS Communication (random and fixed effects)

Model	df	AIC	BIC	-2LL	$\Delta\chi^2$	Δdf	p
Model 11.3	4	2241.05	2257.24	-1116.52			
Model 11.4	16	2248.13	2312.92	-1108.06	8.46	12	.153

Note. **Model 11.3:** Fixed effect of age group, TAL, PA and random effect of superior; **Model 11.4:** Fixed effect of country, education, TAL, TFL, PA and random effect of superior.

The final model (11.3) can be referred to in Table 48.

Table 48

Final multi-level model (10.3) for the determinants of JSS Communication

	Variance (SD)	B (SE)	t
Random effects			
Intercept	1.29 (1.14)	0.65 (3.31)	
Residual	13.06 (3.61)		
Fixed effects			
Intercept		22.71 (0.56)	40.758***
Country (Montenegro)		1.36 (0.68)	1.996*
Country (Ukraine)		-0.12 (0.38)	-0.306
Passive Avoidant		-2.14 (0.22)	-9.751***

Note. Level 1 (employees): N = 424, Level 2 (superiors): N = 90. *: p < .05, **: p <

For JSS Communication, the usage of a hierarchical structure proved to be plausible, where supervisors served as second level. Montenegrins were more satisfied contrasted to the baseline (Serbians). Education and Age group were not significant predictors. Passive avoidant leadership style was a negative predictor of JSS Communication. Transactional and Transformational leadership styles were not significant predictors.

Summary of MLM results.

For Performance (which was determined by signing more contracts than in the same period of the previous year), we found that MLM makes sense as supervisors accounted for significant partition of total variance as a second level. Besides this, Country was also a significant predictor, Montenegrins having better performance than Serbians and Ukrainians. Education and Age group did not have a significant effect on performance. However Transformational leadership style was not the only predictor of all the leadership styles.

For most Job Satisfactions and most of the subscales, a two-level hierarchy (with the employees on first and superiors on second level) was applicable. For Supervision, even a third level (country) was plausible, while for operating conditions, the usage of a hierarchical structure did not contribute to the total variance.

As for the fixed effects, countries proved to be significant predictors in six subscales and total score. Compared to the baseline (Serbia) being Montenegrin proved to be a significantly positive predictor of satisfaction with supervision and communication. Meanwhile being Ukrainian (contrasted to Serbian) was a negative

predictor for satisfaction with pay, promotion, fringe benefits, nature of work, and the job in total.

Age group was only a significant predictor for satisfaction with coworkers. In this variable, being in age group 50-59 had significant positive effect on satisfaction compared to baseline (age group 18-24).

Education was important in five subscales and total job satisfaction. Compared to having less than 11 years of education, having 12 years of education was a positive predictor for satisfaction with pay, promotion, supervision and the job in total. For supervision, education of 12 to 15 years had significantly positive effect on satisfaction according to the baseline. On the other hand having 18 years or more education was a negative predictor of satisfaction for pay and fringe benefits. Transformational leadership style was an important positive predictor for satisfaction with supervision, coworkers, and job in total. Transactional leadership style was an important positive predictor for pay, promotion, contingent rewards, and job in total. Passive avoidant leadership style was an important negative predictor for all job satisfaction subscales and the total score.

The above summary as well as further correlations and detailed results can be found in an attached digital memory (CD-R) for fellow researchers interested to use the database as a benchmark for further studies.

Chapter 6

General Discussion

The aim of this study was to assess transformational leadership style and its influence on sales performance within an insurance business environment in Eastern Europe. I also intended to discover whether the concept of transformational leadership shows validity, i.e. is replicable and understandable, within non-Western, former socialist countries. I was furthermore interested whether job satisfaction can be related to transformational leadership in settings where the contemporary framework of leadership theory is scarce and poorly researched, or not. In addition, I questioned to what extent culture could play a role in the transformational leadership-performance and transformational leadership-job satisfaction dyads which were addressed in this dissertation.

My overall results support the findings of earlier studies that suggest the existence of positive relationships between transformational leadership and high levels of sales performance (e.g., Chi et al., 2007; Geyer & Steyrer, 1998; Howell & Avolio, 1993; Kirkpatrick & Locke, 1996; Ling et al., 2008). The results further underline the positive relationship between transformational / transactional leadership style and employee job satisfaction (see. e.g. Bass & Avolio, 1989; Bass & Avolio, 2004; Dubinsky et al., 1994; Jaworski & Kohli, 1991; Judge & Piccolo, 2004; Spector, 2007). Passive avoidant behavior showed to be counterproductive in terms of job satisfaction. Sub-variables of job satisfaction were measured as well and will be referred to in detail in the following sections. As for culture, the statistical analysis which included multi-level modeling allowed to find differences on the level of the superior and differences in between countries. However, my intention to additionally relate my results to culture within the framework of the cultural dimensions proclaimed by Hofstede (1998) failed

and needs to be interpreted individually (I do so in the section “Research question no. 2”) outside the framework of a correlation analysis or the MLM-results of this study.

The next sections of the discussion will address the hypotheses and research questions which were developed in chapters 2 and 3 and will be discussed in relation to existing studies with similar findings. This will be followed by the implications for insurance business settings, the strengths and limitations of the dissertation, as well as the implications for future research.

Note: Minor redundancies in some sections cannot be avoided, since the reader might choose to read sections selectively, missing out on preceding explanations and interpretations. I therefore repeat some lines of argumentation in several sections for the purpose of clarity and comprehensiveness.

Transformational leadership and performance.

The first hypothesis (Hypothesis 1) postulated whether transformational leadership will be able to determine insurance sales growth. The results of my study clearly indicate that transformational leadership was able to positively determine sales performance in all three countries. Firstly, this finding underlines that the concept of transformational leadership was able to be empirically replicated in an Eastern European setting. Secondly, the finding suggests that the concept is not limited to the Western world and can be utilized on a broader non-Western scale, suggesting its universality in usage. This universal validity of transformational leadership behavior is in line with Bass and Avolio (2004), who state that “[...] context and contingencies are important [...], but the fundamental phenomena [of transformational leadership] transcends organizations, cultures and countries”.

In view of my results, transformational leadership style was the only leadership style which had a positive effect on insurance sales performance. The two-level hierarchical model furthermore underlined that the superiors accounted for differences in performance, proposing that performance, even though high and based on transformational influence, differed based on the superior's qualities. Neither transactional nor passive avoidant behaviors were significant determinants of performance.

The finding of transformational leadership style being the sole determinant of high sales performance in this study can be related to Bass' (2008) argument that "[...] transformational leadership messages appear to target higher levels of needs and ideals of followers" (p. 619). Bass' (2008) line of argumentation that transformational leaders are able to "[...] (1) raise the follower's level of consciousness about the importance and value of designated outcomes, which leads to (2) the follower transcending the own self-interest for the sake of team and self-actualization [...]" (p. 619), suggests that the sales employees are receptive to higher ideals in relation to over-performing. It appears, that high performance, in our case, selling more insurances than originally planned, needs more than a give-and take (transactional) approach, as it allows giving meaning to the sales activities insurance agents conduct on an everyday base. It means to understand that one does not simply sell to reach a communicated goal, but rather works and sells for a higher or more complex purpose than just the monetary exchange.

To sell for a higher or more complex purpose than the simple monetary exchange needs to be understood within the complex environment of insurance business settings. Insurance sales environments are confronted by permanent high turnover rates (see Chapter 2) and improvable images (see e.g. the ERGO scandal 2012 – where top range insurance agents were invited to incentive trips – or better pleasure trips – by

Germany's third largest insurer. The scandalous events were paid on the account of customer premiums which casted a damning light on the practices of European insurance business). Aside a difficult environment, the individual role of the insurance seller can be described by moving within a boundary role (Dubinsky et al., 1995); always needing to please the customer, always needing to satisfy one's own personal expectations and the company goals. The quest for the largest commission often strongly coincides with searching for the best solution the customer would actually require based on his / her needs and life situation. However, if targets and goals are not reached, the insurance company simply dismisses the agent sooner than later; if not immediately. This evokes exceptional pressure (for the agent but also for the manager) to succeed without delay. The agent, in its worst case, moves on from insurance to insurance, always selling high commissioned products to please and satisfy the company targets and the own pay check.

In better cases the agent is successful in understanding customer wishes and is able to turn the customer's insurance needs into a true customer-agent-relationship - a relationship where the agent takes care of all the customer's insurance risks. This can then turn into a higher level of purpose, as serving one customer by being in charge of all the risks evokes personal responsibility. Being responsible for the customer, his / her family, knowing the family members, knowing and showing interest for their needs and desires can make the agent feel being part of the family and helps anticipate finding the right risk-solutions. This serving behavior can have a higher-order, transforming and uplifting effect on agents as they are able to be in the center of attention and are observed as a valuable element when it comes to securing needs in positive times, just like in worse times, when claims appear. When claims appear, customers are often

helpless and crave for good advice and low-administration, low-barrier handling. The agent who sees his job as a job which is not only defined by cashing up high end commissions, but rather as being the “life-manager of a family when it comes to the topic of risks” has a higher meaning and purpose. The purpose to serve, to help, to be responsible for numerous customers and being able to be a “coach for insurance matters” allows the agent to see his work within the framework of a mission and personal vision. It also enables the agent to be a role model for other agents – a truly transformational ideal which appeals to a higher moral (Northouse, 2013). A good example is referred to when families or customers mention they know and work together with their insurance agent for several decades and regularly turn to him / her for advice. However, such a framework can only be set-up by a transformational leader.

A transformational leader would be the one who stresses these aforementioned high-end goals, “a kind of transformational ideology” (Northouse 2013, p. 188), of being responsible for securing lives, securing family savings, suggesting best solutions for the real customer need, etc. A transactional approach would be more or less interested in achieving the goals with quick and high commission tagged products, and being better than the next-door agent. The transformational environment would rather underline the benefit of generating full-customers or total customers, who in sum allow to have a high cumulative commission ratio and are less prone to terminating risks, as the agent is taking care of a collection of risks, and has a personal benefit in terms of being emotionally connected to the customer and his / her personal environment. If this is achieved, then the transformational leader has been able to evoke “follower [in this case: agent] confidence and self-efficacy” and managed “tying the followers and their self-concepts to the organizational identity” in an ideological transformational manner (Northouse, 2013, p. 189).

Aside individual sales agent performance which I have described in the section above, team work and the collective sales success can be emphasized by the transformational leader (Bass & Avolio, 2004, Northouse, 2013). After all, an insurance unit-manager who supervises several sales agents is responsible for the collective success and not only rewarded for an individual sales agent's sole performance. Bass' (2008) transformational train of thought targets those ideals of reaching out for higher principles by stimulating others to think in a "bigger picture". For the sales agent this means to be less self-centered, to strive for a common vision, purpose and goal, with the benefit to learn from common sales-team successes and benefit from lessons learnt shared on the base of these team achievements (Cole et al., 2011). The transformational leader is able to form a mutual obligation within sales teams which facilitates transformational leader actions like individualized consideration, "[...] where the sales manager recognizes and satisfies the salesperson's needs by trying to maximize and develop the full potential of the sales employee" (Bass & Avolio, 2004, p. 28). The results suggest that the leaders in all three countries act transformationally and are able to form cohesive teams, which are open towards a consultative style and envisaging of leadership, which is characteristic for a transformational leader.

If transformational behavior is beneficial in terms of performance, then the question remains why it is particularly successful in an insurance environment which is often mentioned to be primarily target and reciprocally (give-and-take) driven (Dubinsky et al., 1994). The answer can be found within the perspective of long-term vs. short-term success: In practice, an insurance agent will possibly be most attracted by earning money based on commission systems. This way of earning money is direct and pristine - one basically "reaps what one sows", i.e., the more calls a sales agent

performs the bigger chances the agent has to appoint sales-talks and the more appointments the agent generates, the higher the potential success-ratio of closing insurance contract agreements. However, earning money and reaching a goal repeatedly and over longer periods of time needs a higher level of sense, vision and creativity (Bass, 2008) which can be related to the characteristics of the four I's and transformational leadership behavior (see e.g., Geyer & Steyrer, 1998). An insurance agent who has a personal mission, who feels being part of a bigger team, who is able to contribute towards a common team goal and its success, is probably more stimulated by such an outcome in comparison to following a simple standardized short-term sales goal-plan. If the transformational leader is able to transfer this vision and mission by utilizing components of the four I's, by being able to coach on regular base, consult on career opportunities, developing team-cohesion and higher sense of one's work (e.g. serving customers to secure their lives via insurance solutions), then chances are high that sales insurance employees are able to find a sense and purpose in their work and are more able to outperform their goals on a regular and long-term base (Bass, 2008; Geyer & Steyrer, 1998). The findings of this study suggest that the insurance managers were able to stimulate the sales agents in terms of positive attitude towards performance, as overall performance was determined by transformational leadership behavior over a longer period of time (12 months).

Empowerment appears to be another potentially mediating effect influencing elevated sales performance (Cole et al., 2011). Empowerment is defined "[...] as the extent to which team members have the freedom to choose how they perform their tasks, are competent to perform their tasks well, sense that their work is meaningful and believe that their work will impact the effectiveness of their employing organization" (p. 4). It is this effect of empowerment which makes the difference between

transformational and transactional leadership, “[...] because the latter does not seek to empower, but merely influences team members’ behavior through exchange-based relationships” (p. 4). If the sales manager is able to employ empowering behaviors of sales agents by e.g. delegating responsibilities, encouraging the sales agents to question the traditional ways of doing things, fostering creative thinking by increasing the employees’ way to approach and think, then the potential to outperform is able to be “unleashed” (Cole et al., 2011). If empowerment contributes to higher levels of perceived sales agent freedom and therefore to elevated chances of outperformance (Cole et al., 2011), then it is possible that the managers in Serbia, Montenegro and Ukraine were able to grant frameworks of freedom at work. High levels of delegation and trust towards the employee are characteristic of transformational leaders, who are able to permit a certain amount of space and room to work individually, responsibly, self-actualizing and freely (Bass, 2008). Sales agents who appreciate the empowerment are able to translate this given responsibility by augmenting actions into higher level outcomes – they return their freedom by delivering good sales results and continuous performance.

A further reason of transformational leaders being able to boost sales performance of individuals and teams can be related to the augmentation effect described in chapter 2 (see e.g. Antonakis, 2013; Bass, 1985; Bass & Avolio, 2004; MacKenzie et al., 2001). The results of my study underline the close relationship and interaction between transformational leadership and high sales performance. Within this context, it is important to bear in mind, that „sales performance” was defined as the extent to which the sales agents outperform the target-goals within a timeframe of one year. At first sight it may be plausible to conclude that these results have been

determined by a highly person-oriented, transformational leadership style – but to what extent exactly can the effect of augmentation be related to these results? In reference to the literature (e.g. Bass, 2008; Howell & Avolio, 1989; Northouse, 2013; Russ et al., 1996), the augmentation effect supports the idea, that “transactional contingent reward can be catalyzed by transformational leadership” (Bass, 2008, p. 386). The study by Howell and Avolio (1989) on insurance managers underlines, that augmented transformational leadership behavior positively accounted for the accuracy in predicting sales performance, suggesting a close tie between augmented transformational behavior and sales agent over performance. Transactional behavior can be seen as the base to achieve a goal (Bass & Avolio, 2004), whereas transformational behavior can be interpreted as the expansion of transactional leadership which allows employees to perform above and beyond expectations (Bass & Avolio, 1994). Or as put differently by Bass and Avolio (1994): “[...] Transactional / Contingent Reward behavior has been found to be reasonably effective, although not as much as any of the transformational components” (p. 6). Both TFL and TAL are valid, and “the superiority of one relative to the other seems to depend on the context” (Judge & Piccolo, 2004, p. 763).

Transformational leaders will be successful in outperforming sales targets if they are able to exemplify elements of the four I’s authentically towards their sales staff and underline that self-interests are to be transcended for the purpose of higher order goals and motives. In other words, the transformational leader will be most successful if s/he “[...] is able to establish congruence between individual and organizational needs” (Bass & Avolio, 2004, p. 28), which means to win the sales employee’s interest to perform for a higher long-term benefit and purpose. If done accordingly, then team cohesion, employee cooperation and trust towards the superior will be successful by promoting and utilizing the desired augmentation and over performance effect. Hence,

the transformational leader has the opportunity to create a culture of constructive cohesion between sales employees as s/he creates a productive corporate environment which allows transcending individual self-interests and promotes higher order visions, allowing sales employees to outperform (see e.g. Cole et al., 2011).

A further indicator of the augmentation effect having taken place within this study, are the highly positive employee data on the outcomes of leadership (extra-effort, effectiveness and satisfaction) measured when assessing the MLQ 5x. These highly reliable data (all scores of outcomes of leadership were recorded at an α -level above .94) contribute to the understanding of how positively the employees perceive their transformational superiors on an everyday working base. Positive levels of the outcomes of leadership (extra effort, effectiveness, and satisfaction) usually indicate an environment which is perceived by the employees as highly transformational (Bass & Avolio, 2004). My findings therefore imply, that the augmentation effect which was able to elevate the sales agent over-performance can be related to the determinant power of transformational leadership behavior.

As outlined in the introduction of this dissertation, the countries of this study are passing through massive economic, political and social changes. We remember Bass (1997), who argues that transformational leaders are especially effective in such times of hardship, as “[...] the transactional leader works within the existing organizational culture; the transformational leader however changes it. [...] transformational leaders are able to move their associates to perform to their full potential” (Bass & Avolio, 2004, p. 29). The high sales employee performance related to transformational leadership behavior can therefore be linked to the idea of the transformational leader in the role of a “change manager” (Howell & Avolio, 1989; Ling et al., 2008), or as Bass

(1990, p. 19) puts it, an “agent of change within instable environments”. The countries of investigation have been and still are passing through significant periods of instability and change. We remember Duncan (2011) stressing, that transformational leaders are able to reach goals with their employees where “[...] structures are unclear, but warmth and trust are high [...]” (p. 20). In line with these arguments, I conclude that the growth over years and the high levels of over performance in sales can be related to the transformational behavior and trust of the subordinated sales agents towards their superior managers, who also act as managers of change in this study. One strong indicator for the trustworthy appraisal of the employees upon their transformational superiors in this study were the high reliability levels of alpha coefficients measured by the MLQ 5x and the low scores on social desirability (measured by the SD scale) of employees assessing their superiors in this study.

Despite the outlined indications of why transformational leadership had such positive effects on sales-performance in this study, I however wish to question why it is transformational leadership only and not transformational as well as transactional leadership which could have been determinants of sales agent over performance. After all, this dual and often close relationship between transformational and transactional leadership has been mentioned to be successful in terms of performance by existing research literature (see e.g. Duncan, 2011; Ho et al., 2009; Humphreys, 2002). My interpretation is that reaching or almost fulfilling the set sales goals and achievement of targets over a time-frame of weeks or months could possibly be reached via transactional measures solely and without any effect of augmentation (see also: Bass & Avolio, 2004, p. 29). However, performance was related to the outperformance of the set goals over a longer time-period, and it appears, that “taking this extra mile” needs more than the give-and-take “you reach the goal – you receive money” approach (Bass

& Avolio, 2004). This explains why Geyer and Steyrer (1998) were able to link long-term performance to transformational leadership behavior, as the duration of a year or more needs higher ideals, higher stimulation, motivation, sense, creativity and purpose than reaching a shorter-termed weekly or monthly goal. The sales agent requires a kind of “mission” which appears appealing, sensible and realistic within a long-term framework. That is why the vision, which is usually exemplified and repeatedly announced by a transformational leader, becomes essential, as visions are usually proclaimed within a context of longer duration (3-5 years) in contrast to sales targets or goals which are mostly short-termed (monthly or quarterly based).

Some research has documented transformational and transactional leadership behavior to be more effective depending on the organization's hierarchical level (Dubinsky et al., 1994; Lowe et al., 1996; Teas, 1983). These studies have stressed that transactional leadership style behavior is more effective when utilized in lower and middle level management positions, whereas transformational leadership behavior appears more often in higher levels of management (meaning being practiced more frequently in those levels). At first glance the conclusion of my results in Serbia, Montenegro and Ukraine could be suggesting transactional leadership to be the driver of sales performance in these lower to medium levels of organizational hierarchy, since sales agents are at the bottom end of the organizational hierarchy. One could conclude that these employees are more susceptible to the give-and-take behavior than to visions, and charismatic empowerment. However, since the augmentation effect builds on transactional leadership behavior and contributes to the extra effort and performance of followers (Bass & Avolio, 2004; Russ et al., 1996) high performance of staff working at the lower levels of an organization could only be pushed to over perform (over a span of

twelve months) by a transformational leader. We remember the study by Geyer and Steyrer (1998) who were able to relate long-term over performance to transformational leadership behavior. According to the results of my study, the sales over performance in all three countries can be deduced to the determinant variable of transformational leadership which is based on transactional foundations (Bass, 2008), even at lower levels of the organization (Bass, 1985, 1987, 2008), catalyzed by the effect of augmentation (Bass & Avolio, 2004). The charismatic elements of the transformational leader allows permeating all hierarchical organizational levels (Bass, 2008) - if utilized properly (e.g. by enactment of the four I's), the transformational leader can develop a strong and influential position by being able to gain the sales agent's trust, confidence, identification, loyalty and emotional support (Dubinsky et al., 1995) which, in its best outcome, may lead to the long-term outperformance of goals (Dubinsky et al., 1995; Geyer & Steyrer, 1998), no matter at what hierarchical level of the organization in sales.

In summary, my findings of transformational leadership being able to augment sales over performance in all three countries can be related to the sales managers being able to utilize elements of the Full Range Leadership Model and the four I's (Bass & Avolio, 2004; Bass, 2008) which allow transcending give-and-take, transactional relationships. The sales managers were also able to form sales team-cohesion and effects of augmentation over a longer period of time (12 months) empowering their staff in times of a financial world-crisis. The sales managers were furthermore able to lead their staff through these times of change towards success and acted as agents of change (Bass, 1990).

Transformational leadership and job satisfaction (total).

The second hypothesis (Hypothesis 2) postulated whether transformational leadership will be able to determine total employee satisfaction. It was further hypothesized, that passive avoidant behavior would act as a negative predictor of total employee job satisfaction. The results of my study underline that transformational leadership, as well as transactional leadership, were both positive predictors of total employee job satisfaction in all countries. In stark contrast, passive avoidant behavior had the opposite effect on total employee job satisfaction. The hypothesis can be seen as confirmed, as transactional leadership evolved as second strongest significant determinant of total job satisfaction. The Ukrainian sample was, in comparison to the Serbian sample which served as a baseline, less satisfied with their jobs. The multilevel-model was able to further stress the importance of the behavior of superiors, as they accounted for almost 16% of the total variance of the model, suggesting that job satisfaction does also depend on the (qualitative) leadership style of the particular manager in force.

As outlined in Chapter 2, Judge and Piccolo (2004) were able to relate job satisfaction to transformational ($\beta = .32$) and transactional leadership ($\beta = .22$) behavior, whereas management by exception and passive avoidant leadership behavior was counterproductive in evoking employee work satisfaction ($\beta = -.12$). A reason why job satisfaction can be positively related to transformational and transactional leadership behavior can be found in the explanation discussed by Yang (2009) or Spector (1997). Yang (2009) links transformational attitude to the employee's internal locus of job satisfaction, whereas transactional behavior targets the extrinsic elements of job satisfaction (external locus of job satisfaction). Intrinsically satisfied employees

primarily displayed behavior which has been linked to transformational leader behavior (forming cohesive teams, supporting colleagues and peers, voicing opinion freely, achieving personal and common goals, utilizing the four I's, etc.). On the other hand, extrinsically satisfied employees had a focus on adequate remuneration, the opportunity to advance and a need for being praised for good job efforts (Yang 2009).

Yang's (2009) study took place in an insurance setting and can be related to my results, since transformational behavior had the strongest predicting power in terms of total employee job satisfaction and can therefore be related to the four I's of the Full Range Leadership Model: Individual consideration (IC) is e.g. reflected by the sales managers attending to the individual needs of the sales employee, taking care of coaching, mentoring, guidance, and listening to the specific demands of sales agents (see Yang, 2009).

The second and third ability of the superior stimulating the sales employees on an intellectual and motivational level (IS and IM) is related to the ability to energize sales employee creativity. Since each insurance customer is different in his / her needs and expectations, the ability of the sales agent to act and react in an individual and creative way to the customer demands is essential. A transformational leader stimulating his sales employees utilizing elements of IS and IM has promising chances to motivate the sales employee by being a role model in terms of providing support and guidance in how to tackle customer expectations and demands in a creative way.

The fourth ability a transformational leader would ideally display in order to enhance intrinsic employee sales satisfaction would be the element Idealized Influence (II) which is related to the clear and appealing articulation of the company's vision with strong emphasis on what role the sales employee holds, as well as the positive role modeling of the superior. If the sales agent should be productive over a longer span of

years, it is of importance, that the superior is able to underline the special individual importance and contribution of the employee within the context of the company's strategy, vision and mission.

Envisaging the big picture (vision, mission and strategy of the company) helps subordinates understand the perspective, but not necessarily the personal contribution to this big picture. The transformational leader needs to instill the pride of the sales agent by explaining the particular role the sales agent has within this big picture. Explaining how much the personal sales agent's success contributes to the big success of the company strategy, mission and vision can be of great importance for the agent's contribution, as the agent feels being a worthy part of the company strategy (Bass, 2008). In sum, transformational leadership behavior accounted to be the strongest determinant of employee total job satisfaction. The reasons can be found in the authentically exemplified transformational behavior of the sales managers in Serbia, Montenegro and Ukraine.

The transformational elements the sales managers practiced evidently have an advantageous effect on the well-being of the sales employees in my study. The well-being and satisfaction of the sales employees is, according to Dubinsky et al. (1995), the fundament of sales performance and motivation, which can be directly influenced by the transformational sales manager in force.

However, not all sales management behavior which leads to success in performance and sales agent satisfaction is transformational – according to Dubinsky et al. (1995) it is also transactional. My results are in line with Dubinsky's et al. (1995) findings in respect to total employee satisfaction. Transactional leadership emerged as the second strongest determinant of total employee job satisfaction in Serbia,

Montenegro and Ukraine. Yang's insurance study (2009) relates extrinsic employee satisfaction to the level of adequate remuneration, the opportunity to climb a career ladder and receiving appraisal for well done efforts in insurance sales business. A sales agent who is led by a transactional leader often has more immediate response from their leader (Dubinsky et al., 1995) who takes care that the target achievement is kept upright without delays. The availability of a superior can have strong work satisfaction effects, as issues are solved in time, swiftly and practically. The sales agent feels being taken care of, feels confident about the role requirements as a sales agent, and is able to generate trust towards the transactional manner of the superior.

In line with Dubinsky et al. (1995) and Yang (2009), my results suggest that aside transformational leadership behavior being able to augment over-performance and overall employee job satisfaction, transactional leadership behavior is important to build the base for the transformational leader and the potentially evolving augmentation effects (see e.g. Bass, 2008; Dubinsky et al., 1995). Being able to stimulate insurance agents in a "give-and-take" manner, i.e. money (fixed salaries) for reaching goals, bonuses for over-performance seems to be an important and essential element of sales employee job satisfaction. Living on a vision will however not suffice in an industry which is predominantly target, pace and sales oriented. The base is created by transactional behavior which is based on stimuli like goals, commissions, bonuses, recognition (ranks, titles, and special entitlements) and immediate superior support when goals are out of reach. Therefore I consider transactional behavior to be an inevitable element when referring to sales employee satisfaction, which is suggested by the results of my study. Or as put differently by Dubinsky et al. (1995, p. 19): "[...] transformational leadership is not a substitute for transactional leadership [in sales environments]; rather, it is a complement [...]"

Finally, my results disclose a significant negative relationship between passive avoidant behavior and overall sales employee job satisfaction and are related to the cited literature in previous sections (e.g. Bass, 2008; Judge & Piccolo, 2004; Skogstad et al., 2007; Yang, 2009). In other words, passive avoidant behavior can be interpreted as counterproductive in relation to overall sales employee job satisfaction and cannot be considered as an element a manager should utilize when trying to lift spirits, reach goals, or target sales employee satisfaction. A non-leadership, non-caring approach cannot be conducive in an environment, where customer wishes, employee needs, technical (IT) complications, etc. need immediate attention. Hence, insurance sales employees do care whether their superiors do or do not pay attention to their special demands and requests. Only being supported when the “house is on fire” can be crucial in a quick paced environment like insurance sales, as decisions need to be taken promptly, as one otherwise runs the risk to lose customers and deals to the competition. Put differently, a manager who only acts when the demand is high, who is not able to foresee developments and is only on duty if necessary, will not be of any assistance to the sales employee’s success and therefore disqualifies him- / herself by displaying a non-leadership management style resulting in poor employee job satisfaction. It is therefore comprehensible that passive avoidant behavior is not a promoting factor of overall sales employee job satisfaction.

The multi-level-analysis I performed generated a country difference between the Full Range Leadership Model and the total employee satisfaction variable. In Ukraine the employees appear to be significantly less satisfied with work when compared to the baseline Serbia. In particular the sub-variables job satisfaction (JSS) – Total, JSS-Pay, JSS-Promotion (marginally significant), JSS-Fringe Benefits and JSS-Nature of work

brought forward differences. These differences are discussed in the section dedicated to the country differences and culture, following the next section on transformational leadership and job satisfaction-supervision.

Transformational leadership and job satisfaction-supervision.

The third hypothesis (Hypothesis 3) postulated whether transformational leadership will be able to determine job satisfaction supervision (JSS Supervision), whereas passive avoidant behavior would act as a negative predictor of job-satisfaction supervision. The results of my sample indicate that people with an education of 12, 14, and 15 years (the latter being marginally significant) appear to be more satisfied with supervision. Furthermore, transformational leadership behavior was a positive determinant of JSS Supervision, whereas passive avoidant behavior proved to be a significantly negative determinant. The superior and country level increased the three level MLM-model to a total variance value of almost 36%, indicating that the quality of superiors in terms of supervision makes a significant difference within the groups on an everyday base. On a country level, a marginally significant difference was detected between Serbia (baseline) and Montenegro. The Montenegrin employees perceived their superiors to be more caring and supervising than the colleagues in Serbia, which could however be related to the small sample size and the small company size in Montenegro, which allows higher levels of interaction, communication and supportive behavior from superiors (see e.g. Porter, 1963). Further job satisfaction country differences will be referred to in the next but one section on country differences and culture.

As described in Chapter 2, JSS Supervision is outlined as the satisfaction of the salesperson with his / her immediate superior and his / her dedication to coach, attend to issues, personal guidance, the genuine interest towards the employee's feelings and

opinion, superior fair and just behavior as well as positive role modeling (Spector, 1997; Teas, 1983). These qualities described carry elements of transformational and charismatic behavior, and can be related to the findings of this study, since transformational leadership behavior determined JSS-Supervision.

A study by Dubinsky et al. (1994) outlined the outcomes of the closeness of supervision in a sales environment and concluded that highly active supervisory behavior has a more favorable impact on work outcomes than inactive or moderate involvement. Laissez-faire behavior was clearly negatively related to satisfaction with the supervisor and was related negatively to commitment, job congruence, and positively to role conflict and burnout. My results confirm this finding, since passive avoidant behavior was a clear negative predictor of employee satisfaction with superior supervision, indicating, that such behavior is to be avoided by all means in a sales-oriented environment.

A limitation of Dubinsky's et al. (1994) study was not to assess transformational leadership as an individual variable. However the findings confirm Bass' (1985, 2008) observation that the closeness of supervision and the employee's perceived level of supervision are supportive "means of enhancing salesperson affective and behavioral work outcomes" (p. 232). It is questionable whether transformational elements not assessed could have been concealed by the transactional variable measured by Dubinsky et al. (1994). The field study by Nemanich and Keller (2007) however managed to implement all variables of the Full Range Leadership Model and was able to link transformational behavior to positive supervisory behavior. Since transformational leaders have a significant influence on job climate (Nemanich & Keller, 2007; Spector, 1997) they are able to stress goal clarity, respond by positive communication, interact

regularly and with foresight, creating clear visions and can therefore generate a sense of higher job-mission (Nemanich & Keller, 2007). Creating a higher sense of personal mission when supervising sales agents is of truly transformational character, and supports my finding, that transformational behavior can act as a determinant of employee satisfaction with superior supervision.

Another indicator confirming JSS-Supervision being related to transformational leadership behavior can be linked to the environment of change and transition. Since the study was performed in three countries experiencing massive amounts of social and political change the transformational leader appears to be the right person to manage these instable and changing environments. The environment possibly makes a difference, as under stable conditions where life is predictable and social systems function due to longer heritage, a transactional leadership style may be sufficient in terms of reaching elevated levels of employee satisfaction with supervision. This however is not the case in this study. Transformational leadership behavior is needed to achieve the desired satisfaction with supervision, as these leaders are, according to Bass (1990), able to act and perform as ambassadors of change and inspiring motivators. The powerful ability to act as an agent of change and inspirational motivator includes the strong engagement of transformational, charismatic or individualized considering behavior, which in an insurance setting includes the coaching and close supervision of employees (Bass, 2008) just like the individualized support of the agent in his daily actions and the intellectual stimulation which can further lead to higher levels of satisfaction and performance (MacKenzie et al., 2001).

I therefore conclude, that transformational leadership behavior can be related to elevated levels of JSS-Supervision, especially in unstable environments, where it is highly appreciated if the sales management is able to give higher sense and higher

meaning to the sales agent's job by behaving charismatically, considerate and communicatively stimulating upon high frequencies of close interaction between the manager and the sales agent.

Transactional leadership and job satisfaction (JSS) -pay; -promotion; and -contingent reward.

The following hypotheses (Hypothesis 4-6) postulated transactional leadership to be a positive predictor for of JSS-Pay, JSS-Promotion and JSS-Contingent Reward. In contrast passive avoidant behavior would have negative effects on the JSS variables Pay, Promotion and Contingent Reward. The results allow accepting all three hypotheses, as transactional leadership behavior was a positive determinant of JSS-Pay, JSS-Promotion and JSS-Contingent Reward. Furthermore passive avoidance did prove to be a negative determinant of all three JSS sub-variables mentioned above.

Since there is no empirically published literature on the sub-variables of JSS-Pay, Promotion and Contingent Reward in the countries Serbia, Montenegro or Ukraine these hypotheses significantly contribute to the broader understanding of how transactional leadership has a positive effect on certain sub-variables of job satisfaction in this Eastern European insurance setting. Dubinsky et al. (1994) underline the finding of transactional leadership being able to moderate at medium to lower levels of the organization, which appears to be plausible in our case. The sales agent is at a lower level of the sales organizational hierarchy, and evidently relates superior transactional behavior to the job satisfaction sub-variables Pay, Promotion and Contingent Reward, since the transactional manager will be involved in the more operational topics of the everyday insurance business (Lowe et al., 1996). Jaworski and Kohli (1991) further

stress that role clarity (having a clear picture of how to perform job-tasks properly and effectively, whilst knowing who to turn to when in doubt) significantly contributes to elevated levels of employee satisfaction and is likely to be performed by transactional leaders when targets are not fulfilled (see also Donnelly & Ivancevich, 1975; Dubinsky et al., 1994). The transactional leader who is able to reduce the ambiguity of how to act, perform and behave in a salesperson-role by e.g. pointing out substandard performance of an insurance sales agent suggests why these three sub-variables of JSS relate well to transactional leader behavior: All three are based on the reciprocal “give-and take, clear-order, role-clarifying, behavioral-feedback” manner which are predominantly utilized by transactional superiors.

As for JSS-Pay, Spector (1997) underlines the level of pay as well as pay fairness being related to job satisfaction. The level of pay is related to job satisfaction, however not as strongly as the perceived level of fairness of pay. The more fairly and transparent remuneration systems are operated, the higher chances for elevated levels of employee job satisfaction also resulting in potentially lower turnover ratios (Spector, 1997). According to Spector (1997) people are “[...] often quite concerned that people in the same job earn more [...]” (p. 42). In the context of insurance sales this finding might not be quite appropriate, as insurance companies pay their employees in sales on standardized commission levels. As mentioned before, the insurance agent business can be based on the principle “one reaps what one sows”, i.e. the more a sales agent invests into making customer-contacts the higher the chances of closing deals and earning more commission. Hence, the individual salesperson’s performance directs the immediate level of earning. The systems of commissions are usually transparent, as they count for many retail sales agents who usually have an officially published and standardized commission scheme at the workplace. Therefore the transactional give-and take style,

“No orders – No money” or “I give you goals, and if you reach them, I will reward you” (Dubinsky et al., 1994, p. 27) appears to be plausible in the light of my results, as transactional leadership determined JSS-Pay. It appears, that the clearer the goals are formulated, the clearer the own role is on how to perform successfully. Furthermore, if the sales agent perceives the distribution of money and commission as fair and transparent the outcome of this transparent environment may lead to elevated levels of job satisfaction (Spector, 1997). Since the transactional leader is mostly interested in rapid goal achievement (Dubinsky et al, 1994; Jaworski & Kohli, 1991) s/he will primarily take care of stressing role clarity, enhancing communication of fair commission schemes based on goal fulfillment, with the effect of gaining employee trust, employee satisfaction and positive attitudes (Dubinsky et al., 1994).

As for JSS-Promotion, Spector (1997) describes this sub-variable of job satisfaction as the measure to assess the “satisfaction with promotion opportunities” (p. 8) in an organization. The results indicate that transactional leadership was able to determine JSS-promotion in all three countries. This suggests that the sales employees in Serbia, Montenegro, and Ukraine can identify with the give-and-take approach of being able to climbing the ladder of success if the sales performance is on track. Since all three insurance companies have a standardized career plan including different ranks and job titles plus different benefits and motivation-levels (e.g. rank 1 = junior sales agent, base salary, commissions; rank 5 = Director of regional sales, base salary, team commission, bonuses on quarterly level, company car) which is communicated to the entire sales staff on a yearly base, the sales employees are able to gain a clear picture of which particular performance leads to which career step(s). If the system is transparent to all sales employees and chances are equal, fair and based on individual performance,

the sales employees are willing to accept the give-and-take philosophy (Teas, 1981). This transparency and role clarity certainly contributes to elevated satisfaction levels (Dubinsky et al., 1994). The finding furthermore underlines that clear, fair and structured career- or promotion plans are able to satisfy in a transactional sales environment where employees take responsibilities for their own sales-related actions and resulting performance (see e.g. MacKenzie et al., 2001; Russ et al., 1996).

In contrast, passive avoidant behavior evidently determines poor levels of JSS-Promotion. Not being able to administer attention to the needs of the sales employee and not being interested in developing staff apparently does not lead to elevated levels of trust (MacKenzie et al., 2001) or job satisfaction (due to lacking possibilities of promotion and career counseling by the superior).

As for JSS-Contingent Reward, the study by Judge and Piccolo (2004) has underlined existing positive relationships between transactional contingent reward and overall satisfaction as well as follower satisfaction with the leader. Spector (1997) defines JSS-Contingent Reward as the “satisfaction with rewards given for good performance” (p. 8). These rewards do not always have to be of monetary nature and can be displayed by superior transactional behavior by recognition and appreciation for reaching a goal. According to Judge and Piccolo (2004) “[...] contingent reward leadership is often resource dependent. Specifically, business leaders may be better able to tangibly reward followers in exchange for their efforts” (p. 763).

In insurance sales environments most of the sales benefits received by sales staff are earned on calculated commission schemes which allow reserving an amount of the premium for payment to the sales agent. The ability to pay money for efforts is what Judge and Piccolo (2004, p. 763) refer to as “resource dependency”. In a sales environment there are financial tools and possibilities to support a transactional leader

in his give-and-take approach. Within the context of transactional leadership and transactional contingent reward, Judge & Piccolo (2004) further add that in case such (monetary) resources are not always available, “[...] contingent reward leadership may be less effective because it is more difficult for leaders to meet their end of the bargain” (p. 763). In such cases transformational leadership often gains the upper hand, as higher ideals and motives are the focus targeted in discussions between the superior and sales employee, which cannot be solved via financial means (Judge & Piccolo, 2004).

According to my results, the sales employees in Serbia, Montenegro and Ukraine are receptive for the superior contingent reward exchange behavior which is linked to elevated individual job satisfaction levels in all three countries. Since the inclusion of the superior level increased the multi-level-model fit and finally contributed to 16% of the variance, it seemingly makes a significant difference of which quality transactional superior behavior is performed by the insurance managers. The more attentive and appreciative the superior is towards the sales employee when s/he performs well, the higher the chances to increase individual job satisfaction.

In contrast, passive avoidant behavior was clearly related negatively to JSS-contingent reward, supporting the assumption, that a non-leadership, avoidant approach is not able to generate enhanced levels of employee job satisfaction (e.g. Spector, 1997; Skogstad, et al. 2007).

Summing up, the three sub-variables of JSS Pay, Promotion and Contingent Reward were significantly determined by a transactional leadership style, whereas passive avoidant behavior had the inverse effect on employee job satisfaction. The findings account for all countries and are an important discovery for the practical

implications since the superior level accounted for qualitative differences within the teams.

Research questions in relation to Culture: (1) Exploring the Leadership-Job Satisfaction dyad in Serbia, Montenegro and Ukraine. (2) Do Hofstede's Cultural Values and Dimensions help us understand our samples better?

Research question no. 1.

The first research question which aimed to discover to which extent a country moderates the leadership-job satisfaction dyad, can be outlined by the finding that in eight of eleven cases the variable country was a significant (or marginally significant) determinant. In total, significant (or marginally significant) country differences were found in relation to the variables sales-performance, total job satisfaction, as well as the job satisfaction sub-variables pay, country, promotion, supervision, fringe benefits, nature of work, and communication.

The Ukrainian sample scored lower in on total job satisfaction in comparison to the Serbian baseline as well as on the particular sub-variables of job satisfaction pay, promotion, fringe benefits and the nature of work. In contrast, the Montenegrin sample scored higher in comparison to the Serbian baseline on sales performance, job satisfaction supervision and job satisfaction communication.

Ukraine.

I intend to outline five main possible explanations of the country differences found in relation to the sample in Ukraine: Firstly, the Ukrainian results are challenging to interpret since there is no published empirical literature in relation to performance and job satisfaction or country differences which therefore makes a comparison to any existing literature almost impossible. Secondly, the cultural dimensions and values by

Hofstede did not significantly correlate with any of the assessed variables, which leads me to possibly vague conclusions. It is however conspicuous that only the Ukrainian sample scored lower on selected sub-variables of job satisfaction (total, pay, promotion [marginal], fringe benefits and the nature of work) in comparison to the baseline Serbia. It appears that the sales employees in Ukraine are generally less satisfied (total JSS) and that the environmental or surrounding conditions are not as satisfactory as when compared to Serbia or Montenegro. With environmental or surrounding conditions I mean the Ukrainian working conditions in general. If variables like JSS- Pay, - Promotion, - Fringe Benefits, and the –Nature of work score low, then the working environment generally appears to be lacking appeal when compared to the Serbian JSS-results.

Secondly, other possible explanations could be found within the current structural deficits and the generally high level of poverty in Ukraine. This is reflected in low base wages, rough market conditions and political instability (Motyl, 2012). A labor review by Ritter and Anker (2002) was able to collect data from five different countries (Argentina, Brazil, Chile, Hungary and Ukraine) and outlined that the Ukrainian sample had the lowest averaged values for job satisfaction-Total score, JSS-Benefits, JSS-Nature of work, JSS-Autonomy and JSS-Promotion opportunities.

The interpretations of the Ukrainian sample in Ritter and Anker's (2002) paper is (unfortunately) rather descriptive but allows a basic interpretation of my results. Ritter and Anker (2002) manage to relate the low scores in Ukraine to the long period and the inter-generational experience of communism, general low level of education "[...] higher education is consistently associated with higher average job satisfaction" (p. 341) and age, since "[...] younger Ukrainian workers are more likely to be found in

less satisfactory jobs, which they subsequently leave for positions that suit them better” (p.341). The Ukrainian sample of my study was the youngest and least educated in comparison to the sample in Serbia or Montenegro. It appears that not only the historical effect of communism (e.g. Inglehart, 2002; Ritter & Anker, 2002), but also “[...] the composite effect of the well-documented positive relationship between education and earnings and the strong association between earnings and job satisfaction [...]” (Ritter & Anker, 2002, p. 341) can explain parts of the Ukrainian discontent in terms of job satisfaction when compared to the Serbian baseline.

As for employee satisfaction with the workplace conditions the Ukrainian results in Ritter and Anker (2002) underline that the larger the company (range <10; >10; >50; >100 employees), the higher the dissatisfaction with the workplace in Ukraine. Possibly the size of the Ukrainian company I have chosen for the study (> 400 employees) had an effect on the Ukrainian job satisfaction scores, since structures and processes in a larger company might be rather rigid and old-fashioned and possibly more difficult to master and battle when comparing to the Serbian baseline. Finally, the study by Ritter and Anker (2002) underlines that their Ukrainian sample had least trust in being able to discuss issues and concerns with the employer (managers) openly, which underlines the general impression of my Ukrainian job satisfaction results. It appears that the environmental labor situation in Ukraine has an effect on the everyday satisfaction, trust and confidence levels in Ukraine, hindering some employees to communicate openly with their superiors, leaving behind feelings of dissatisfaction when compared to the colleagues in Serbia.

Thirdly, another possibility to interpret the Ukrainian insurance employee job satisfaction results may be related to the findings of Holt et al. (1994) or Elenkov (1997), who pinpoint that Western managers working in Eastern European labor

environments face differences in daily operations and communication. Since Western companies operating in Eastern Europe are focused on achieving high growth, Western managers will naturally set high sales growth and company profit targets. Achievable high targets need the appropriate labor conditions to perform. Possibly the lower job satisfaction values in Ukraine can be explained by the employees having to fulfill high goals, but not always being clearly instructed on topics like the sales career plan, the possible earnings, etc. The results suggest that the local sales managers in Ukraine possibly pay less time and attention to explain topics like pay, promotion, fringe benefits or the nature of work to their sales employees when compared to the Serbian sales managers (baseline). It might be that the Ukrainian managers are able to fulfill targets with their sales staff, but not in such a “Western manner”, where soft skills and high levels of interpersonal skills are necessary to empower sales staff in a satisfactory way.

Fourthly, and in line with Elenkov’s (1997) argumentation on differences between Western and Eastern European management behavior, a further explanation of the Ukrainian sample being dissatisfied with the aforementioned JSS-sub-variables could be related to the results of the study performed by Ardichvili and Kuchinke (2002). They underline that employees in countries of the former Soviet Union are able to perform well, despite their superior’s passive avoidant (management by exception / laissez-faire) behavioral manner. It appears that some employees are able to still bear traditional and patriarchic leadership which is less person-oriented. Possibly some of the Ukrainian sales managers could have spent less time and attention to interpersonal needs of the sales staff, which led to lower employee satisfaction levels, despite the fact

that Ukrainian sales managers did utilize transformational leadership style in order to achieve the final results.

Finally, Cole et al. (2011) on the other hand deliver an alternate option of interpretation, which is related to sales teams and the level of consensus among team members on perception of the superior. Cole's et al. (2011) findings display that team performance is often not disrupted, even if some of the team members do not perceive their superiors as being transformational at all times. Team performance can be high when the leader is able to "develop high quality relationships with at least some team members" (p. 12) – this does not include all team members. Possibly the lower scores in Ukraine are related to some sales agents not perceiving their superiors behaving in a transformational manner at most times, whereas others do and can therefore compensate for the differences on aggregated or absolute levels. In other words: Possibly the Ukrainian sales managers show less consistent transformational behavior, and possibly, for some of the sales employees the transformational behavior is not as salient as to others in the sales team. In sum however, the Ukrainian sales targets are reached and outperformed due to existing and overt transformational leadership behavior, however less strong when compared to Serbian sales managers.

Montenegro.

In contrast to the sample from Ukraine and Serbia, the Montenegrin employees appear to be (marginally) more satisfied on the sub-variables of job satisfaction supervision and communication. The Montenegrin sales-employees are more productive when transformational leadership behavior is practiced. The Montenegrin sample was the smallest sample in my study, consisting of 63 total subjects and 26 sales agents. Of those 26 sales agents only one agent was an underperformer. Belonging to the sales agent team in Montenegro means to work in a highly productive team and atmosphere.

This productive atmosphere has further effect on the job satisfaction sub-variable communication since the team size is manageable and close contact between managers and agents is possible, allowing numerous interactions to take place. Although the score for JSS-supervision is only marginal significant, it does fit into the picture of a highly productive sales team which is strong on communication (JSS-Communication) and supervision (JSS-Supervision) of the superior who supports goal fulfillment via transformational measures.

Serbia.

The Serbian sample served as a baseline in my study. The methodology of the multi-level regression uses the most significant country results as a baseline to compare. Indeed, the alpha coefficients in Serbia were on total the most reliable and served as good pillar for comparison. Since the total sample size in Montenegro ($n = 63$) was rather small and could be challenged by some critics, Serbia ($n = 241$) was however almost level with Ukraine ($n = 264$) and can be regarded as a good benchmark for further research in this geographical region.

In comparison to Ukraine and Montenegro, the Serbian sample consists of a more mature (elder) and more educated sample, which also includes foreign language skill (English). Spector (1997) comments, that maturity in organizations often leads to more total satisfaction, as managers are able to concentrate on the essential, and not on building careers. The Serbian company has managed to create a healthy mix of younger and experienced staff, which ensures a good balance between allowing to look up to transformational role models and develop, as well as to ensure complying to foreign company guidelines via experienced staff which is able to support and drive the essential visions and mission of the company – here language skill comes into context,

as communication with the headquarter staff can be sufficiently easier when talking in a commonly understood language. In the Ukrainian sample the minority is able to converse in English.

Furthermore, the Serbian sample scored higher on levels of transformational / transactional behavior, and lower on passive avoidant levels when compared to Ukraine, suggesting that the staff in general is a step further when it comes to supporting sales employees in a transformational / transactional, augmentative, person-oriented way. The comment by Ardichvili and Kuchinke (2002) comes to mind when comparing the Ukrainian to the Serbian sample. Ardichvili and Kuchinke (2002) underline that the staff in former Soviet Union countries and countries still close to today's Russian Federation are able to perform under less empathetic, less interpersonally active managers, and accept a passive avoidant approach much more than managers in countries which are reaching out for the Western European world in form of an EU-accession bid.

My interpretation is, that the Serbian sample is - in thought and mind - interested to rapidly adapt to Western European methods and approaches including the psychology of Western management ("mind-set"). This perspective might open up possibilities towards more charismatic, employee-oriented, transformational behavior. Social Psychological examples for a mass interest in adapting towards Western European habits exist in the Serbo-Croatian mass-media culture, since TV broadcasts from Europe or the United States of America are subtitled, and not synchronized. This allows masses to identify with Western culture, and indirectly promotes learning foreign languages (or "chunks of language") like English or German and allows Western behavior and attitudes to permeate into local constructs of culture easily. In contrast, Ukrainian mass-

media is mostly related to Russian broadcast and fully synchronized television broadcast.

Finally, the upcoming Croatian EU-accession on the 1st of July 2013 will, according to my opinion, evoke a chain reaction in Serbia and in Montenegro. I presume that this step will even more push the desire of a fast acceleration wishing to join the platform where the free movement of goods, persons, services, and capital is granted. At high jobless rates like in Serbia (see Chapter 1) the free movement of services will be most attractive to the younger population. Therefore, being able to converse in English, being accustomed to Western (management) behavior is a premise to succeed. I perceive the Serbian sample to be better prepared for such a step than the Ukrainian sample, as the cultures are different in their principal alignment; Serbia pro EU, Ukraine pro Russia (with the exception of the Northwest of Ukraine which is not antipathetic towards the EU and the West).

Research question no. 2.

The second research question I intended to assess in this study was related to Hofstede's Value Dimensions (Hofstede, 2008). The main interest was to find out, what socio-cultural value dimensions the samples in Serbia, Ukraine and Montenegro reveal and whether these scores can help interpret country differences.

According to Hofstede's cultural dimension value concept (Hofstede, 2008) the scores range from 0 to 100 and allow no comparison between the dimensions or countries unless the data has been matched. 0 would equal the lowest intensity of a measured value, 50 the medium, whereas 100 would equal the highest end of the dimension. In the case of this study, the scores can only be interpreted by each country

for itself. The country value can be used to interpret and reflect the social environment I measured (sample: international insurance subsidiary) but not the broader scope of the countries' population. The scores are also not able to be compared to globalized scores published by Hofstede (Hofstede, 2011). Despite all limitations, none of the Hofstede values correlated significantly with any of the variables measured, which inhibits me to summarize broader generalizations of the results.

Hofstede's latest research data, i.e. as of 10/2012 (see www.geerthofstede.com) does not reveal full data on the countries Ukraine or Montenegro. Only Serbia has globally validated value scores on the items Power Distance (PDI), Individualism (IDV), Masculinism (MAS), Uncertainty Avoidance (UAI), Long-Term Orientation (LTO) and Indulgence vs. Restraint (IVR). The newest value Monumentalism (MON) does not appear in the latest published tables of Hofstede's websites. In my interpretation of the values collected I intend to gain understanding of the values in relation to the findings on leadership and job satisfaction which were outlined in previous sections.

Power Distance.

Power Distance scores rather low (< 30) in all three countries. This finding indicates an atypical picture of Eastern European cultures. Usually Eastern European countries score upper values (> 60) when measuring Power Distance. Possibly the Western change-management in all three insurance companies has had an effect on the behavioral practice, suggesting that modern leadership mechanisms like team-work and power is distributed rather equally in our samples. This would confirm Bass' (2008) findings, that low PDI goes hand in hand with transformational leadership behavior since trust, belief and positive role modeling is based on low distance of power between employee and superior. If the employee perceives power distributed equally, then

chances are high, that trust and confidence emerges towards superiors and colleagues.

Trust and confidence are a good base for transformational messages to find reception.

Individualism vs. Collectivism.

Individualism scores low in all three countries assessed (< 26), underlining that group-cohesion and collectivism seems to be fostered in the sales teams. As Bass (2008) underlines, high levels of collectivism support the team-oriented success in organizations and can be related to transformational leadership behavior. The sense of collectively following one goal would support the notion of high sales performance being related to a tightly-knit framework which supports collective success and performance. The high levels of collectivism can be referred to the high levels of supervision between sales manager and the agents, since members of in-groups are prone to look after them in exchange for unquestioning loyalty.

Masculinity.

Masculinity scores moderately low (< 32) suggesting, that female traits like sensitivity to the other by listening, giving speech, or accepting other opinion is possible in our sample. In practice the high satisfaction with superior supervision or transformational leadership behavior as well as the elevated levels of employee job satisfaction may be related to the feminine environment of the insurance companies. Feminine cultures allow cooperation, modesty and peer-support (Hofstede, 2011) – elements which are essential for the utilization of the transformational four I's.

Uncertainty avoidance.

Uncertainty avoidance scores from medium (Montenegro < 57) to upper scales (Serbia > 64 and Ukraine > 75.5). Apparently the financial crisis, high unemployment ratios, low wages, etc. underline a general feeling of uncertainty and instability. This is

where the transformational leader finds space to act and convince (Bass, 2008). In surroundings of higher uncertainty, mostly coping strategies compensate the feeling of low control over life. People then tend to use increased levels of planning strategies, masterminding discomfort by introducing rules and procedures, in order to gain perceived control over the situation. On the other hand, Western companies put great emphasis on controlling situations and performance achievement by implementing rigid project management tools, structured processes, steering committees, etc. to escape the potential threat of failure in foreign markets. Possibly the controlling procedures have an impact on the staff perception resulting in elevated levels of uncertainty avoidance.

Long term orientation.

Long term orientation scores highly (> 85.6) in all samples, indicating that virtues oriented towards future rewards (e.g. saving for one's pension plan or the necessity of adapting to the rapidly changing political and social circumstances) is a pressing current topic within our sample. According to Hofstede (2011) societies with a long-term orientation, include people who believe that truth depends very much on situation, context and time. They show an ability to adapt traditions to changed conditions, a strong propensity to save and invest, thriftiness, and perseverance in achieving results. Possibly the insurance industry sample and the business environment of insurance contributed to the high long-term approach values. Since the main purpose of an insurance is to cover a person's risk over a longer period over time and to safeguard personal loss by compensating a claim, the mentality of insurance employees contributes to higher levels of LTO. The long-term orientation of the employees strengthens the findings of transformational leadership being able to generate sales outperformance, as believing in a vision is rather long-termed and is based on trust in the future outcomes. The more the sales employee trusts and believes in the

transformational message, the higher the chances for perceiving the environment as long-term oriented.

Indulgence vs. Restraint.

The moderately high to high indulgence scores (Serbia > 88; Montenegro > 78; Ukraine > 61) underline the latest observation of relatively free gratification of basic and natural human drives, related to enjoying life and having fun (if the financial sources allow this) in our Eastern European sample. Living in the “here-and-now”, catching up on materialism and grasping out for developing liberties (travelling to Western countries, purchasing a modern car, etc.) appears to be supported socially and can be to some extent afforded by the employees of the insurance companies in this study. The sales employees and managers earn well and can afford possessions which increase the level of indulgence. This possibly fosters a culture of openness towards the newly developing, but also instable times, which evokes the mindset of living here and today, spending money today, as one cannot foresee what might come tomorrow.

Monumentalism.

Finally, monumentalism scores from moderate (Serbia and Montenegro < 55.5) to high (Ukraine > 74) suggesting that the Ukrainian sample still strongly honors their heroes and historical past. I do not wish to speculate on the values of Monumentalism, as Hofstede (2011) himself underlines this value still being of great experimental nature, and since I intend to follow Hofstede’s advice not to follow “amateur replications” (Hofstede, 2011, p.14) it is necessary to await upcoming developments, since the latest developments suggest that the Monumentalism index will be integrated into a new form of the long-term vs. short-term dimension (see Hofstede 2011, p. 14).

Managerial implications.

This study has touched upon several fields of scientific research amongst which social-, organizational- and leadership psychology, sociology, anthropology, culture and the field of insurance economics have been assessed and discussed thoroughly. Based on the conclusions of this study, I intend to stress the main essence for insurance managers who intend to foster a transformational culture.

First, the role of the mid-level insurance managers needs to be addressed. Since “[...] contemporary leaders should ideally show individual support as well as have an innovative edge [...]” and since transformational as well as transactional managers “[...] are significant factors contributing to organizational effectiveness as well as job satisfaction among employees” (Albion & Gagliardi, 2006, p. 1) this specific manager level deserves special attention. The managers at this level serve as the buffer zone between top management and sales employees. It is the mid-level manager’s duty to transfer the company’s vision, mission and sales goals to lower entities, i.e. the sales agent level.

Secondly, this study has proven that transformational leadership style is able to determine over performance. Since transformational as well as transactional leadership style determine levels of enhanced job satisfaction, the mid-level management needs to be trained on several areas in order to lead lower hierarchies effectively. The difference between transformational and transactional leadership and their benefits in usage needs to be outlined for the managers to choose the appropriate leadership style depending on the situation.

Thirdly, training of role clarity for better sales performance (Dubinsky et al., 1995; Jaworski & Kohli, 1991; Lowe et al., 1996; Teas, 1983), supervision and coaching (Spector, 1997), reduction of drop-out rates when hiring new staff (Mudor &

Tooksoon, 2011), as well as training on contemporary leadership theory, like the Full Range Leadership Model including the utilization of the four I's of the transformational approach proposed by Bass (Bass, 2008) is recommended on all levels of sales management. The range of complexity can be shared by best practice experience (Russ et al., 1996) and by transformational leadership workshops as suggested by Kirkbride (2006). Kirkbride (2006) provides a recommendable approach in how to design and follow-through such workshops with the main focus on enhancing transformational attitude, behavior and authenticity.

In summary my research suggests, that it is possible to increase levels of insurance sales performance and job satisfaction by transformational means, and in part by selective transactional behavior. If considering the cultural setting, it is possible to design and set up training schemes for the insurance management under the condition that the top level management favors, fosters and promotes a transformational leadership style within the organization.

Strengths and limitations of the study.

Strengths.

I consider my field-study being a strong contributor in terms of bringing light into the poorly researched area of leadership research in Eastern Europe. This pioneering field-study is to my knowledge the first study to successfully apply a complex array of concepts (Full Range Leadership Model, Job Satisfaction, Culture, Social Desirability, as well as sales performance hard measures) within a time-frame of 12 months in three different countries, which do not receive much Western academic attention.

Secondly, a further strength of this field-study is the methodological design, since latest tools of assessment were utilized (e.g. online survey technology) with non-campus subjects in different languages (Russian, Serbo-Croatian), and finally revealed high levels of reliability. The statistical method chosen (descriptive statistics, multiple regression analysis as well as multi-level method analysis) offers up-to-date means of investigation which enables to reduce levels of unexplained variance between superiors and employees and contributes to the scientific call of utilizing robust measures (Cole et al., 2011).

Finally, I consider the managerial implications being of great value for those interested to translate my findings into an organizational context. The management of the three assessed insurance companies (subsidiaries of the Austrian Insurance Holding) can re-assess and adjust their sales activities and organizational focus based on the individual country results and findings outlined in the results-section.

Limitations.

Certain limitations of this study should be however taken into consideration: Firstly, the sample was limited to the insurance industry, and can therefore only be related to this area within the financial world. However this selected sample did allow better comparability.

Secondly, self-reports and questionnaires bear the risk of bias (Cole et al., 2011). They are however an efficient mean to address a larger sample of participants and simplify the data collection via IT supported tools on a cross-national level. Aside self-reports causality between the assessed variables and performance could be distorted due to observer bias. It could be that successful agents rate their superiors better than agents who perform less well. However, the social desirability scale implemented, had its purpose to partially filter such responses. In contrast to the critique on the risks of

observer and rater bias, studies on performance assessment via self-ascriptive ratings disagree (Heidemeier & Moser, 2009) and underline that “[...] the magnitude and pervasiveness of rating source discrepancies may be largely overstated” (LeBreton, Burgess, Kaiser, Atchley, & James, 2003, p. 117). However, a possibility to reduce observer and rater bias would be the measure to interview sales managers and agents via standardized interviews on performance, job satisfaction and cultural items on top of self-rated questionnaires (Todd, 1979).

Thirdly, Hofstede’s (2008) values and dimensions did not significantly correlate with any of the investigated variables. However, the methodology of Hofstede’s Value System Manual (2008) does not allow a classic comparison based on means and averages, unless the samples are matched, which is impossible when assessing more than 580 participants in three different countries. Therefore the results by Hofstede need to be perceived as an individual construct which is very specific, but allows interpreting my assessed sample on a global and meta-analytic level – each country and sample by itself. This then finally does have its eligibility and deserves credit, despite the shortcomings in comparing samples on a cross-national level.

Future research.

From a research perspective, the most important contribution of this study is that it brings together numerous concepts that were not assessed in Serbia, Montenegro or Ukraine until today. In particular I was not only able to replicate numerous findings which are supported by existing Western literature, but also discovered new findings including the significant differences between the countries studied. On the whole I was able to empirically confirm the positive relationship between transformational

leadership style and elevated sales performance, as well as higher levels of job satisfaction being related positively to transformational and transactional leadership behavior. I furthermore underlined the counterproductive effects of passive avoidant behavior and differences of variance due to the manager's influence on the sales teams.

Certainly, further research is needed to strengthen and reinforce my findings in the Eastern European insurance environment. My findings could however also be used as a benchmark to develop new research in the field of transformational leadership, job satisfaction, performance and culture in other working environments. The former countries of the Soviet Union have been deprived of scientific and psychological field-study and could bring to light new findings, as these countries are developing rapidly since the fall of the iron curtain.

The cultural variable bears great research potential – Hofstede's Value Dimension (2008) system offers tools which can be of better use for further research in relation to culture. On the other hand I detect a further field of research when assessing the variables of the Full Range Leadership Model (Bass, 2008) and linking them to sales performance within the context of larger sales teams and financial organizations. MLM-modeling (multivariate regression analysis) supports us in reducing the unexplained levels of variance between employee and higher level superiors, and can help to rule out or interpret other variables. Some researchers however might perceive this procedure to be reductionistic (Marion & Uhl-Bien, 2001). When undergoing leadership research "we run the risk of providing incomplete explanations for our findings" (Cole et. al, 2011, p. 12). The fallacy of ignoring contextual factors (e.g. larger social systems, sub-cultures within a culture, political contexts, socio-economic status, etc.) when assessing several variables like in this study should be considered in further research and requires intense planning and preparation of the study.

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Appendix

Due to the large amount of translated questionnaires (MLQ 5x by Bass & Avolio, 2004; Job Satisfaction Questionnaire by Spector, 1997; Social Desirability Scale by Stoeber, 2001; and Hofstede's VSM 2008, 2008) into Serbo-Croatian and Russian language, I have decided to store these samples on digital memory which are retrievable upon request (mail request to: Kuehneisen@gmail.com). Included are additional correlation charts and the MLM analysis for those fellow researchers interested to use the existing data.

Instead of displaying the questionnaires of each assessed country, I have enclosed the Confidentiality Note and the English questionnaire (full version) which was used in my field-study and includes all above mentioned questionnaires.

1. Confidentiality Note UNIQA Insurance / University of Zurich



Dear employees, dear colleagues!

Over the last years we have made great progress and achieved significant growth within our Sales departments – Due to your strong individual contributions these results were achieved, and I thank you for your dedication.

In order to develop and promote our sales environment we are taking advantage of the support offered by the University of Zurich and kindly ask you to fill out a confidential questionnaire which will be sent to you personally within the next weeks online. The results will help us to improve our sales support, sales training, and HR – sales development with essential improvements for you.

All personal data is kept confidential and is administered by the University of Zurich. Please rest assured that no personal data is shared with UNIQA ensuring highest professional standards.

I kindly ask all participants to complete this survey which is essential for us to improve our services.

All participants who fulfil the questionnaire in time (deadline November 30th) will take part in a prize draw. Two state of the art laptops will be drawn on the first sales event early 2011.

I thank you for your contribution,

Zoran Visnjic
CEO/CSO UNIQA Osiguranje Serbia

Prof. Dr. Klaus Jonas
Head of Institute of Psychology UZH Switzerland

2. Total correlation chart (upon request: kuehneisen@gmail.com)
3. MLM results (to be retrieved upon request: see point 2)
4. Questionnaire (full version) administered via surveymonkey.com.
 - a. Hofstede's items: Questions 1-18
 - b. MLQ 5x items: Questions 20-24
 - c. Job Satisfaction items: Questions 26-27
 - d. Social Desirability items: Questions 19, 25 and 28

University of Zurich - Sales Study Full Version Beta, ENG

1. Introduction

Dear participant.

You have been chosen to participate in this international study of the University of Zurich, Switzerland.

This questionnaire consists of several parts. It includes general questions about you and your work.

The questionnaire consists of questions which have options to chose from. Please chose your answer by clicking on the button.

All questions need to be clicked before you can turn to the next page.

You may always return to the questionnaire in case you are disturbed or simply cannot finish it in one go.

Please bear in mind, that the deadline is November 30th 2010.

The data you are providing are anonymous. We kindly ask you to answer the questions as honestly as possible.

Thank you for your cooperation!

University of Zurich - Sales Study Full Version Beta, ENG**2. UZH C&SD 1/3****1. Are you... ?**

- ☐ 1 = Male
- ☐ 2 = Female

2. How old are you...?

- ☐ Under 20
- ☐ 20-24
- ☐ 25-29
- ☐ 30-34
- ☐ 35-39
- ☐ 40-49
- ☐ 50-59
- ☐ 60 or over

3. How many years of formal school education (or their equivalent) did you complete (starting with primary school)?

- ☐ 10 years or less
- ☐ 11 years
- ☐ 12 years
- ☐ 13 years
- ☐ 14 years
- ☐ 15 years
- ☐ 16 years
- ☐ 17 years
- ☐ 18 years or over

4. If you have or have had a paid job, what kind of job is it / was it?

- ☐ 1. No paid job (includes full-time students)
- ☐ 2. Unskilled or semi-skilled manual worker
- ☐ 3. Generally trained office worker or secretary
- ☐ 4. Vocationally trained craftsperson, technician, IT specialist, nurse, artist or equivalent
- ☐ 5. Academically trained professional or equivalent (but not a manager of people)
- ☐ 6. Manager of one or more subordinates (non-managers)
- ☐ 7. Manager of one or more managers

University of Zurich - Sales Study Full Version Beta, ENG

5. What is your nationality?

6. What was your nationality at birth (if different)?

University of Zurich - Sales Study Full Version Beta, ENG

3. UZH C&SD 2/3

7. Please think of an ideal job, disregarding your present job, if you have one. In choosing an ideal job, how important would it be to you to ... (please cross one answer in each line across):

	1 = of utmost importance	2 = very important	3 = of moderate importance	4 = of little importance	5 = of very little or no importance
1. Have sufficient time for your personal or home life	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. Have a boss (direct superior) you can respect	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. Get recognition for good performance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. Have security of employment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. Have pleasant people to work with	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6. Do work that is interesting	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7. Be consulted by your boss in decisions involving your work	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8. Live in a desirable area	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
9. Have a job respected by your family and friends	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
10. Have chances for promotion	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

8. In your private life, how important is each of the following to you: (please choose one answer in each line across):

	1 = of utmost importance	2 = very important	3 = of moderate importance	4 = of little importance	5 = of very little or no importance
1. Keeping time free for fun	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. Moderation: having few desires	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. Being generous to other people	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. Modesty: looking small, not big	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

9. If there is something expensive you really want to buy but you do not have enough money, what do you do?

- ☐ 1. always save before buying
- ☐ 2. usually save first
- ☐ 3. sometimes save, sometimes borrow to buy
- ☐ 4. usually borrow and pay off later
- ☐ 5. always buy now, pay off later

University of Zurich - Sales Study Full Version Beta, ENG**10. How often do you feel nervous or tense?**

- ☐ 1. always
- ☐ 2. usually
- ☐ 3. sometimes
- ☐ 4. seldom
- ☐ 5. never

11. Are you a happy person ?

- ☐ 1. always
- ☐ 2. usually
- ☐ 3. sometimes
- ☐ 4. seldom
- ☐ 5. never

12. Are you the same person at work (or at school if you're a student) and at home?

- ☐ 1. quite the same
- ☐ 2. mostly the same
- ☐ 3. don't know
- ☐ 4. mostly different
- ☐ 5. quite different

13. Do other people or circumstances ever prevent you from doing what you really want to?

- ☐ 1. yes, always
- ☐ 2. yes, usually
- ☐ 3. sometimes
- ☐ 4. no, seldom
- ☐ 5. no, never

14. All in all, how would you describe your state of health these days?

- ☐ 1. very good
- ☐ 2. good
- ☐ 3. fair
- ☐ 4. poor
- ☐ 5. very poor

University of Zurich - Sales Study Full Version Beta, ENG**15. How important is religion in your life ?**

- ☐ 1. of utmost importance
- ☐ 2. very important
- ☐ 3. of moderate importance
- ☐ 4. of little importance
- ☐ 5. of no importance

16. How proud are you to be a citizen of your country?

- ☐ 1. not proud at all
- ☐ 2. not very proud
- ☐ 3. somewhat proud
- ☐ 4. fairly proud
- ☐ 5. very proud

17. How often, in your experience, are subordinates afraid to contradict their boss (or students their teacher?)

- ☐ 1. never
- ☐ 2. seldom
- ☐ 3. sometimes
- ☐ 4. usually
- ☐ 5. always

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4. UZH C&SD 3/3

**18. To what extent do you agree or disagree with each of the following statements?
(please circle one answer in each line across):**

	1 = strongly agree	2 = agree	3 = undecided	4 = disagree	5 = strongly disagree
1. One can be a good manager without having a precise answer to every question that a subordinate may raise about his or her work	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. Persistent efforts are the surest way to results	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. An organization structure in which certain subordinates have two bosses should be avoided at all cost	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. A company's or organization's rules should not be broken - not even when the employee thinks breaking the rule would be in the organization's best interest	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. We should honour our heroes from the past	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

19. Please answer accordingly:

	1 = True	2 = False
1. I sometimes litter	<input type="radio"/>	<input type="radio"/>
2. I always admit my mistakes openly and face the potential negative consequences	<input type="radio"/>	<input type="radio"/>
3. In traffic I am always polite and considerate of others	<input type="radio"/>	<input type="radio"/>
4. I always accept others' opinions, even when they don't agree with my own	<input type="radio"/>	<input type="radio"/>
5. I take out my bad moods on others now and then	<input type="radio"/>	<input type="radio"/>
6. There has been an occasion when I took advantage of someone else	<input type="radio"/>	<input type="radio"/>

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5. UZH LL 1/2

20. This questionnaire is to describe your leadership style as you perceive it. Please answer all items on this answer sheet. Judge how frequently each statement fits you. The word "others" may mean your peers, clients, direct reports, supervisors, and/or all of these individuals.

	Not at all	Once in a while	Sometimes	Fairly often	Frequently, if not always
1. I provide others with assistance in exchange for their efforts	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. I re-examine critical assumptions to question whether they are appropriate	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. I fail to interfere until problems become serious	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. I focus attention on irregularities, mistakes, exceptions, and deviations from standards	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. I avoid getting involved when important issues arise	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6. I talk about my most important values and beliefs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7. I am absent when needed	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8. I seek differing perspectives when solving problems	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
9. I talk optimistically about the future	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
10. I instill pride in others for being associated with me	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
11. I discuss in specific terms who is responsible for achieving performance targets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
12. I wait for things to go wrong before taking action	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
13. I talk enthusiastically about what needs to be accomplished	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
14. I specify the importance of having a strong sense of purpose	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
15. I spend time teaching and coaching	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
16. I make clear what one can expect to receive when performance goals are achieved	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
17. I show that I am a firm believer in "If it ain't broke, don't fix it."	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
18. I go beyond self-interest for the good of the group	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
19. I treat others as individuals rather than just as a member of a group	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
20. I demonstrate that problems must become chronic before I take action	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
21. I act in ways that build others' respect for me	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
22. I concentrate my full attention on dealing with mistakes, complaints, and failures	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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6. UZH LL 2/2

21. This questionnaire is to describe your leadership style as you perceive it. Please answer all items on this answer sheet. Judge how frequently each statement fits you. The word "others" may mean your peers, clients, direct reports, supervisors, and/or all of these individuals.

	Not at all	Once in a while	Sometimes	Fairly often	Frequently, if not always
23. I consider the moral and ethical consequences of decisions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
24. I keep track of all mistakes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
25. I display a sense of power and confidence	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
26. I articulate a compelling vision of the future	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
27. I direct my attention toward failures to meet standards	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
28. I avoid making decisions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
29. I consider an individual as having different needs, abilities, and aspirations from others	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
30. I get others to look at problems from many different angles	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
31. I help others to develop their strengths	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
32. I suggest new ways of looking at how to complete assignments	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
33. I delay responding to urgent questions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
34. I emphasize the importance of having a collective sense of mission	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
35. I express satisfaction when others meet expectations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
36. I express confidence that goals will be achieved	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
37. I am effective in meeting others' job-related needs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
38. I use methods of leadership that are satisfying	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
39. I get others to do more than they expected to do	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
40. I am effective in representing others to higher authority	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
41. I work with others in a satisfactory way	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
42. I heighten others' desire to succeed	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
43. I am effective in meeting organizational requirements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
44. I increase others' willingness to try harder	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
45. I lead a group that is effective	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

University of Zurich - Sales Study Full Version Beta, ENG**7. UZH RL 1/2**

This questionnaire is used to describe the leadership style of your superior as you perceive it. Answer all items on this answer sheet.

22. Important (necessary for processing): Which best describes you?

- ☐ I am at a higher organizational level than the person I am rating.
- ☐ The person I am rating is at my organizational level.
- ☐ I am at a lower organizational level than the person I am rating.
- ☐ Other than the above.

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23. The Person I Am Rating. . .

	Not at all	Once in a while	Sometimes	Fairly often	Frequently, if not always
1. Provides me with assistance in exchange for my efforts	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. Re-examines critical assumptions to question whether they are appropriate	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. Fails to interfere until problems become serious	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. Focuses attention on irregularities, mistakes, exceptions, and deviations from standards	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. Avoids getting involved when important issues arise	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6. Talks about his/her most important values and beliefs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7. Is absent when needed	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8. Seeks differing perspectives when solving problems	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
9. Talks optimistically about the future	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
10. Instills pride in me for being associated with him/her	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
11. Discusses in specific terms who is responsible for achieving performance targets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
12. Waits for things to go wrong before taking action	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
13. Talks enthusiastically about what needs to be accomplished	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
14. Specifies the importance of having a strong sense of purpose	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
15. Spends time teaching and coaching	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
16. Makes clear what one can expect to receive when performance goals are achieved	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
17. Shows that he/she is a firm believer in "If it ain't broke, don't fix it."	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
18. Goes beyond self-interest for the good of the group	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
19. Treats me as an individual rather than just as a member of a group	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
20. Demonstrates that problems must become chronic before taking action	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
21. Acts in ways that builds my respect	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
22. Concentrates his/her full attention on dealing with mistakes, complaints, and failures	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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8. UZH RL 2/2

24. The Person I Am Rating. . .

	Not at all	Once in a while	Sometimes	Fairly often	Frequently, if not always
23. Considers the moral and ethical consequences of decisions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
24. Keeps track of all mistakes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
25. Displays a sense of power and confidence	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
26. Articulates a compelling vision of the future	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
27. Directs my attention toward failures to meet standards	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
28. Avoids making decisions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
29. Considers me as having different needs, abilities, and aspirations from others	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
30. Gets me to look at problems from many different angles	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
31. Helps me to develop my strengths	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
32. Suggests new ways of looking at how to complete assignments	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
33. Delays responding to urgent questions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
34. Emphasizes the importance of having a collective sense of mission	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
35. Expresses satisfaction when I meet expectations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
36. Expresses confidence that goals will be achieved	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
37. Is effective in meeting my job-related needs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
38. Uses methods of leadership that are satisfying	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
39. Gets me to do more than I expected to do	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
40. Is effective in representing me to higher authority	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
41. Works with me in a satisfactory way	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
42. Heightens my desire to succeed	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
43. Is effective in meeting organizational requirements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
44. Increases my willingness to try harder	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
45. Leads a group that is effective	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

University of Zurich - Sales Study Full Version Beta, ENG**25. Please answer accordingly:**

	1 = True	2 = False
1. In conversations I always listen attentively and let others finish their sentences	<input type="radio"/>	<input type="radio"/>
2. I never hesitate to help someone in case of emergency	<input type="radio"/>	<input type="radio"/>
3. When I have made a promise, I keep it--no ifs, ands or buts	<input type="radio"/>	<input type="radio"/>
4. I occasionally speak badly of others behind their back	<input type="radio"/>	<input type="radio"/>
5. I would never live off other people	<input type="radio"/>	<input type="radio"/>
6. I always stay friendly and courteous with other people, even when I am stressed out	<input type="radio"/>	<input type="radio"/>

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9. UZH S&SD 1/2

26. PLEASE MARK ONE NUMBER FOR EACH QUESTION THAT COMES CLOSEST TO REFLECTING YOUR OPINION ABOUT IT.

	1 = Disagree very much	2 = Disagree moderately	3 = Disagree slightly	4 = Agree slightly	5 = Agree moderately	6 = Agree very much
1. I feel I am being paid a fair amount for the work I do	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. There is really too little chance for promotion on my job	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. My supervisor is quite competent in doing his/her job	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. I am not satisfied with the benefits I receive	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. When I do a good job, I receive the recognition for it that I should receive	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6. Many of our rules and procedures make doing a good job difficult	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7. I like the people I work with	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8. I sometimes feel my job is meaningless	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
9. Communications seem good within this organization	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
10. Raises are too few and far between	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
11. Those who do well on the job stand a fair chance of being promoted	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
12. My supervisor is unfair to me	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
13. The benefits we receive are as good as most other organizations offer	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
14. I do not feel that the work I do is appreciated	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
15. My efforts to do a good job are seldom blocked by red tape	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
16. I find I have to work harder at my job because of the incompetence of people I work with	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
17. I like doing the things I do at work	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
18. The goals of this organization are not clear to me	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
19. I feel unappreciated by the organization when I think about what they pay me	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
20. People get ahead as fast here as they do in other places	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

University of Zurich - Sales Study Full Version Beta, ENG

10. UZH S&SD 2/2

27. PLEASE MARK ONE NUMBER FOR EACH QUESTION THAT COMES CLOSEST TO REFLECTING YOUR OPINION ABOUT IT.

	1 = Disagree very much	2 = Disagree moderately	3 = Disagree slightly	4 = Agree slightly	5 = Agree moderately	6 = Agree very much
21. My supervisor shows too little interest in the feelings of subordinates	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
22. The benefit package we have is equitable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
23. There are few rewards for those who work here	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
24. I have too much to do at work	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
25. I enjoy my coworkers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
26. I often feel that I do not know what is going on with the organization	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
27. I feel a sense of pride in doing my job	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
28. I feel satisfied with my chances for salary increases	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
29. There are benefits we do not have which we should have	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
30. I like my supervisor	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
31. I have too much paperwork	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
32. I don't feel my efforts are rewarded the way they should be	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
33. I am satisfied with my chances for promotion	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
34. There is too much bickering and fighting at work	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
35. My job is enjoyable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
36. Work assignments are not fully explained	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

28. Please answer accordingly:

	1 = True	2 = False
1. During arguments I always stay objective and matter-of-fact	<input type="radio"/>	<input type="radio"/>
2. There has been at least one occasion when I failed to return an item that I borrowed	<input type="radio"/>	<input type="radio"/>
3. I always eat a healthy diet	<input type="radio"/>	<input type="radio"/>
4. Sometimes I only help because I expect something in return	<input type="radio"/>	<input type="radio"/>

University of Zurich - Sales Study Full Version Beta, ENG**11. Final Note**

Thank you! You have reached the end of the questionnaire. We appreciate your participation and time.

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